



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 6

SUPPLEMENTARY AND GENERAL

Conversion of shares etc and company reorganisations

329 Conversion of convertible shares and securities

- (1) This section applies if—
- (a) shares have been issued to a company (“the investing company”) by the exercise by it of any right of conversion attached to other shares or securities held by it (“the convertibles”),
 - (b) the shares so issued are in the same company as the convertibles to which the right was attached,
 - (c) the convertibles to which the right was attached were first issued to the investing company and were held by it from the time they were issued until converted, and
 - (d) the right was attached to the convertibles when they were first so issued and was not varied before it was exercised.
- (2) If this section applies, subsections (3) and (4) have effect to determine the extent to which, and the times for which, the requirements of the following provisions of Chapter 4 are met in relation to the shares issued to the investing company by the exercise by it of the right of conversion—
- section 287 (the maximum qualifying investment requirement),
 - section 289 (the proportion of eligible shares requirement),
 - section 291 (the carrying on of a qualifying activity requirement),

Status: This is the original version (as it was originally enacted).

- section 293 (the use of the money raised requirement),
section 294 (the relevant company to carry on the relevant qualifying activity requirement), and
section 297 (the gross assets requirement).
- (3) Subsections (3) to (6) of section 327 apply in relation to the exchange of convertibles for shares by virtue of the exercise of the right of conversion as if—
- (a) that exchange were an exchange, under any arrangements to which that section applies, of new shares for old shares, and
 - (b) the references in those subsections and section 328(5)(b) to the arrangements were references to the provision conferring the right of conversion.
- (4) For the purposes of section 289 the value of the new shares immediately after the time of their acquisition by the investing company is to be taken as the same as the value, when last valued in accordance with that section, of the convertibles for which they are exchanged.