



Income Tax Act 2007

2007 CHAPTER 3

PART 14

INCOME TAX LIABILITY: MISCELLANEOUS RULES

[^{F1}CHAPTER A1

REMITTANCE BASIS

[^{F2}*Business investment relief*

[^{F1} Retention of funds to meet CGT liabilities ^{F2}809VK

- (1) This section applies if—
- there is a disposal of all or part of the holding,
 - the disposal counts as a potentially chargeable event or is part of the appropriate mitigation steps taken in consequence of a potentially chargeable event,
 - a chargeable gain (but not a loss) accrues to P on the disposal,
 - P is chargeable to capital gains tax (but not corporation tax) in respect of that gain, and
 - the actual disposal proceeds are less than Y.
- (2) The difference between the actual disposal proceeds and Y is referred to in this section as “the shortfall”.
- (3) “The actual disposal proceeds” means the disposal proceeds but disregarding section 809Z8(4).
- (4) “Y” is the sum of—
- the amount (if any) that would, but for this section, be required to be taken offshore or re-invested in order to satisfy section 809VI(1) or (2)(b), and

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 809VK. (See end of Document for details)

- (b) the amount found by applying the highest potential CGT rate to the amount (computed in accordance with TCGA 1992) of the chargeable gain accruing to P on the disposal.
- [^{F3}(5) The highest potential CGT rate is the highest rate specified in section 1H of TCGA 1992 (regardless of the type of the chargeable gain or, if P is an individual, the rate of income tax at which P's income is chargeable).]
- (6) If this section applies, the amount that is required to be taken offshore or re-invested in order to satisfy section 809VI(1) or (2)(b) is reduced by the permitted amount.
- (7) “The permitted amount” is so much of the shortfall as is used, within the grace period allowed for taking the disposal proceeds offshore or re-investing them, to make a deposit in respect of which a certificate of tax deposit is issued to P under section 12 of the National Loans Act 1968.
- (8) A reduction may not be made under subsection (6) unless—
- (a) when details of the deposit are confirmed to Her Majesty's Revenue and Customs, the confirmation letter states that this section is intended to apply to the deposit, and
 - (b) the amount of the deposit is no greater than the shortfall.]]

Textual Amendments

- F1** Pt. 14 Ch. A1 inserted (21.7.2008 with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 1](#) (with [Sch. 7 paras. 85-89](#))
- F2** Ss. 809VA-809VO and cross-heading inserted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 7](#)
- F3** S. 809VK(5) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 105](#)

Modifications etc. (not altering text)

- C1** Pt. 14 Ch. A1 modified by 2005 c. 5, s. 643F(4) (as inserted (with effect for the tax year 2018-19 and subsequent years) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 paras. 11, 21\(1\)](#) (with [Sch. 11 para. 22](#)))
- C2** Pt. 14 Ch. A1 modified by 2005 c. 5, s. 643N(3)(4) (as inserted (with effect for the tax year 2018-19 and subsequent years) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 paras. 11, 21\(1\)](#) (with [Sch. 11 para. 22](#)))
- C3** Ss. 809L-809Z6 applied by 2005 c. 5, s. 643I(9) (as inserted (with effect for the tax year 2018-19 and subsequent years) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 paras. 11, 21\(1\)](#) (with [Sch. 11 para. 22](#)))
- C4** Ss. 809L-809Z6 applied by 2005 c. 5, s. 643A(6) (as inserted (with effect for the tax year 2018-19 and subsequent years) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 paras. 11, 21\(1\)](#) (with [Sch. 11 para. 22](#)))

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 809VK.