

Status: Point in time view as at 17/07/2014.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Cross Heading: Income tax: carry forward of relief. (See end of Document for details)

SCHEDULES

SCHEDULE 27

COMMUNITY INVESTMENT TAX RELIEF

Income tax: carry forward of relief

- 1 Part 7 of ITA 2007 (community investment tax relief) is amended as follows.
- 2 In section 335 (form and amount of CITR) in subsection (3) for “this purpose” substitute “the purposes of this section and section 335A”.
- 3 After section 335 insert—

“335A Carry forward of CITR

- (1) This section applies if—
 - (a) the investor is entitled to a tax reduction for a relevant tax year under section 335 in respect of the investment, but
 - (b) the amount of the tax reduction is not fully deducted at Step 6 for that relevant tax year.
 - (2) The amount (“the excess amount”) not deducted is treated as follows.
 - (3) For each subsequent relevant tax year for which the investor—
 - (a) is entitled to a tax reduction under section 335 in respect of the investment, and
 - (b) makes a claim under this subsection,the investor is also entitled to a tax reduction under this subsection which is given effect at Step 6.
 - (4) The amount of the tax reduction under subsection (3) for any relevant tax year is the excess amount so far as it has not been deducted at Step 6 for any earlier relevant tax year by virtue of that subsection.
 - (5) In this section “Step 6” means Step 6 of the calculation in section 23.”
- 4 In section 357 (attribution of CITR) after subsection (4) insert—

“(4A) In the case of CITR under section 335A, in subsection (4)(a) the reference to the year is to be read as a reference to the year mentioned in section 335A(1)(a).”
 - 5 (1) Section 361 (disposal of securities or shares during 5 year period) is amended as follows.
 - (2) For subsection (3) substitute—

“(3) Subsections (3A) to (3H) apply if—

 - (a) the disposal is a qualifying disposal, and

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- (b) the investor has made a claim under section 335 in respect of the former investment for a tax year (“tax year X”).
- (3A) Subsection (3B) applies if the total of the following CITR does not exceed A—
- (a) any CITR attributable to the former investment in respect of tax year X given under section 335, and
- (b) any CITR attributable to the former investment in respect of later tax years given under section 335A where tax year X is the tax year mentioned in section 335A(1)(a).
- (3B) All CITR falling within subsection (3A)(a) or (b) must be withdrawn.
- (3C) If the total of the CITR falling within subsection (3A)(a) or (b) exceeds A, that total must be reduced by A.
- (3D) For the purposes of subsection (3C) CITR given in a later tax year must be reduced before CITR given in an earlier tax year.
- (3E) For the purposes of subsections (3A) and (3C) “A” is an amount equal to 5% of the amount or value of the consideration (if any) which the investor receives for the former investment.
- (3F) If—
- (a) the total of the CITR falling within subsection (3A)(a) or (b) (“B”) is less than
- (b) the amount (“C”) which is equal to 5% of the invested amount in respect of the former investment for tax year X,
- “A” is to be reduced by multiplying it by the fraction—
- $$\frac{B}{C}$$
- (3G) If the amount of CITR attributable to the former investment in respect of a tax year has been reduced before the CITR is obtained, the amount referred to in subsection (3F) as B is to be treated for the purposes of that subsection as the amount it would have been without the reduction.
- (3H) Subsection (3G) does not apply to a reduction by virtue of section 358 (attribution: bonus shares).”
- (3) Omit subsections (5) to (7).

6 The amendments made by paragraphs 1 to 5 above have effect in relation to investments made on or after 6 April 2013.

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