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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2018, Paragraph 2. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 4 **U.K.**

#### EIS AND VCT RELIEFS: KNOWLEDGE-INTENSIVE COMPANIES

##### *Maximum amount raised annually by knowledge-intensive company*

- 2 (1) Section 173A of ITA 2007 (the maximum amount raised annually through risk finance investments requirement for EIS relief) is amended as follows.
- (2) In subsection (1), for “must not exceed £5 million” substitute “must not exceed—
- (a) if the company is a knowledge-intensive company at that date (see section 252A and subsection (5A)), £10 million, and
  - (b) in any other case, £5 million.”
- (3) After subsection (5) insert—
- “(5A) If the issuing company began to carry on a trade less than three years before the date the relevant shares are issued, section 252A as it applies for the purposes of this section has effect with the substitution of the following subsections for subsections (2) to (4A)—
- “(2) The first operating costs condition is that in at least one of the relevant three succeeding years at least 15% of the relevant operating costs constitute expenditure on research and development or innovation.
  - (3) The second operating costs condition is that in each of the relevant three succeeding years at least 10% of the relevant operating costs constitute such expenditure.
  - (4) In subsections (2) and (3)—  
“relevant operating costs” means—
    - (a) if the issuing company is a single company at the time the relevant shares are issued, the operating costs of that company, and
    - (b) if the issuing company is a parent company at the time the relevant shares are issued, the sum of—
      - (i) the operating costs of the issuing company, and
      - (ii) the operating costs of each company which is a qualifying subsidiary of the issuing company at that time, excluding a company's operating costs for any of the relevant three succeeding years during any part of which the company is not a qualifying subsidiary of the issuing company;

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“the relevant three succeeding years” means the three consecutive years the first of which begins with the date the relevant shares are issued.””

**Commencement Information**

- II** [Sch. 4 para. 2](#) in force at 6.4.2018 for the purposes of the amendments made by that paragraph by [S.I. 2018/931, reg. 3\(a\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2018, Paragraph 2.