

SCHEDULES

SCHEDULE 14

Section 91

INVESTMENT RELIEFS: VENTURE CAPITAL SCHEMES

PART 1

LIMITS ON GROSS ASSETS OF ISSUERS OF SHARES OR SECURITIES

Enterprise investment scheme

- 1 (1) In section 293(6A) of ICTA (enterprise investment scheme: limits on value of gross assets of share-issuing company or its group)—
 - (a) in paragraph (a) (value must not exceed £15 million immediately before issue of eligible shares), for “£15 million” substitute “£7 million”, and
 - (b) in paragraph (b) (value must not exceed £16 million immediately after issue of eligible shares), for “£16 million” substitute “£8 million”.
- (2) Sub-paragraph (1) has effect in relation to shares issued on or after 6th April 2006, subject to sub-paragraphs (3) and (4).
- (3) Sub-paragraph (1) does not have effect in relation to shares issued on or after 6th April 2006 to a person who subscribed for them before 22nd March 2006.
- (4) Sub-paragraph (1) does not have effect in relation to shares issued on or after 6th April 2006 to the managers of an investment fund approved for the purposes of section 311 of ICTA by the Commissioners for Her Majesty’s Revenue and Customs if—
 - (a) the fund was approved before 22nd March 2006,
 - (b) investments in the fund have been accepted before 6th April 2006, and
 - (c) the shares are issued to the managers as nominee for an individual who has (whether or not before 6th April 2006) invested in the fund.

Venture capital trusts

- 2 (1) In paragraph 8(1) of Schedule 28B to ICTA (venture capital trusts: limits on value of gross assets of company issuing relevant holding or its group)—
 - (a) in paragraph (a) (value must not exceed £15 million immediately before issue of relevant holding), for “£15 million” substitute “£7 million”, and
 - (b) in paragraph (b) (value must not exceed £16 million immediately after issue of relevant holding), for “£16 million” substitute “£8 million”.
- (2) Sub-paragraph (1) has effect in relation to relevant holdings issued on or after 6th April 2006, subject to sub-paragraph (3).

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- (3) Sub-paragraph (1) does not have effect for the purpose of determining whether any shares or securities acquired by a company (“the trust company”) by means of the investment of protected money are, for the purposes of section 842AA of ICTA, to be regarded as comprised in qualifying holdings of the company at any time.
- (4) In sub-paragraph (3) “protected money” means—
- (a) money raised by the issue before 6th April 2006 of shares in or securities of the trust company, or
 - (b) money derived from the investment by the trust company of any such money.

Corporate venturing scheme

- 3 (1) In paragraph 22(1) and (2) of Schedule 15 to FA 2000 (corporate venturing scheme: limits on value of gross assets of share-issuing company or its group)—
- (a) in paragraph (a) (value must not exceed £15 million immediately before issue of relevant shares), for “£15 million” substitute “£7 million”, and
 - (b) in paragraph (b) (value must not exceed £16 million immediately after issue of relevant shares), for “£16 million” substitute “£8 million”.
- (2) Sub-paragraph (1) has effect in relation to shares issued on or after 6th April 2006, subject to sub-paragraph (3).
- (3) Sub-paragraph (1) does not have effect in relation to shares issued on or after 6th April 2006 to a person who subscribed for them before 22nd March 2006.

PART 2

RATE OF RELIEF FOR INVESTMENTS IN VENTURE CAPITAL TRUSTS

- 4 (1) In paragraph 1(5)(a) of Schedule 15B to ICTA (where relief available on shares issued by venture capital trust on or after 6th April 2006, income tax liability reduced by amount not exceeding the sum subscribed multiplied by the lower rate of 20%), for “tax at the lower rate for that year on” substitute “30 per cent of”.
- (2) In paragraph 3(4) of that Schedule (where shares in venture capital trust disposed of by bargain at arm’s length within 3 years of their issue, relief given is reduced by reference to consideration for disposal if less than amount subscribed), for “tax at the lower rate for the year of assessment for which the relief was given on” substitute “30 per cent of”.
- (3) Sub-paragraphs (1) and (2) have effect in relation to shares issued on or after 6th April 2006.

PART 3

ENTERPRISE INVESTMENT SCHEME: MAXIMUM SUBSCRIPTIONS AND CARRY-BACK OF RELIEF

- 5 (1) In section 289A(4) of ICTA (which limits the amount eligible to be relieved in the previous year), for “£25,000” substitute “£50,000”.
- (2) Sub-paragraph (1) has effect in relation to shares issued on or after 6th April 2006.

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- 6 (1) In section 290(2) of ICTA (maximum amount eligible for relief in any year), for “£200,000” substitute “£400,000”.
- (2) Sub-paragraph (1) has effect for the year 2006-07 and for subsequent years of assessment.

PART 4

LENGTHENING OF PERIODS APPLICABLE TO VENTURE CAPITAL TRUSTS

- 7 (1) Schedule 15B to ICTA (venture capital trusts: relief from income tax) is amended as follows.
- (2) In paragraph 2(3) (no relief for investments linked to loans made within period ending immediately before third anniversary of date on which shares issued), in the definition of “the relevant period”, for “third” substitute “fifth”.
- (3) In paragraph 3(1)(b) (loss of investment relief for disposal of shares within three years of issue), for “three” substitute “five”.
- (4) In paragraph 6(1) (meaning of “eligible shares”), for “three” substitute “five”.
- (5) Sub-paragraphs (1) to (4) have effect in relation to shares issued on or after 6th April 2006.

PART 5

VENTURE CAPITAL TRUSTS: MEANING OF “INVESTMENTS”

- 8 (1) In section 842AA of ICTA (venture capital trusts: conditions for approval), after subsection (11) insert—
- “(11A) A reference in this section, or in section 842(2)(b) as applied by subsection (11)(a) above, to a company’s investments shall be taken to include, so far as it would not otherwise do so,—
- (a) money in the company’s possession, and
 - (b) any sum owed to the company by another person if the company has account-holder’s rights over that sum.
- (11B) For the purposes of subsection (11A)(b) above, a company has “account-holder’s rights” over a sum owed to the company if—
- (a) the company has a right (whether or not the exercise of the right is subject to conditions) to require the other person to pay out the sum, or amounts out of the sum, to the company or at the company’s direction, and
 - (b) the sum is owed to the company—
 - (i) as a result of amounts having been paid to the other person by or for the company, or
 - (ii) as a result of the other person having identified a sum in respect of which the company may exercise such a right.
- (11C) Subsection (11A) above does not have effect to cause a company’s investments to be taken to include anything to which the company is not

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beneficially entitled, but for this purpose a company shall be taken to be beneficially entitled to—

- (a) sums subscribed for shares issued by it, and
- (b) anything to which it is entitled that (directly or indirectly) represents any such sums.”

- (2) Sub-paragraph (1) has effect for the purposes of determining whether, at a time on or after 6th April 2007, the conditions specified in section 842AA(2) of ICTA are, will be or were fulfilled with respect to a company.