

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part IV. (See end of Document for details)

SCHEDULES

SCHEDULE 15

THE CORPORATE VENTURING SCHEME

PART IV

GENERAL REQUIREMENTS

Introduction

- 34 The investing company is not eligible for investment relief in respect of the amount subscribed by it for the relevant shares unless the requirements of this Part are met as to—
- (a) the shares (see paragraph 35);
 - [^{F1}(aa) the maximum amount raised annually through risk capital schemes (see paragraph 35A);]
 - (b) the money raised (see paragraph 36);
 - (c) no pre-arranged exits (see paragraph 37); and
 - (d) no tax avoidance (see paragraph 38).

Textual Amendments

F1 Sch. 15 para. 34(aa) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 para. 4\(2\)](#)

Requirement as to the shares

- 35 (1) The relevant shares must satisfy sub-paragraphs (2) and (3).
- (2) Shares satisfy this sub-paragraph if they are—
- (a) ordinary shares,
 - (b) subscribed for wholly in cash, and
 - (c) fully paid up at the time they are issued.
- Shares are not fully paid up for the purposes of paragraph (c) if there is any undertaking to pay cash to [^{F2}any person at a future date in respect of the acquisition of the shares].
- (3) Shares satisfy this sub-paragraph if they do not, at any time during the qualification period relating to the relevant shares, carry—
- (a) any present or future preferential right to dividends or to a company's assets on its winding up, or
 - (b) any present or future right to be redeemed.

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Textual Amendments

- F2** Words in Sch. 15 para. 35(2)(c) substituted (22.7.2004) (with effect in accordance with Sch. 20 para. 15 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 20 para. 10](#)

^{F3} Requirement as to maximum amount raised annually through risk capital schemes

Textual Amendments

- F3** [Sch. 15 para. 35A](#) and cross-heading inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 para. 4\(3\)](#) (with [Sch. 16 para. 8](#))

- 35A (1) The total amount of relevant investments made in the issuing company in the year ending with the date the relevant shares are issued must not exceed £2 million.
- (2) In sub-paragraph (1), the reference to relevant investments made in the issuing company includes relevant investments made in any company that is, or has at any time in the year mentioned there been, a subsidiary of the issuing company (whether or not it was such a subsidiary when the investment was made).
- (3) A “relevant investment” is made in a company if—
- (a) an investment (of any kind) in the company is made by a VCT, or
 - (b) the company issues shares (money having been subscribed for them), and (at any time) the company provides—
 - (i) a compliance statement under paragraph 42, or
 - (ii) a compliance statement under section 205 of ITA 2007 (enterprise investment scheme),
 in respect of the shares.
- (4) An investment within sub-paragraph (3)(b) is regarded as made when the shares are issued.]

Requirement as to the money raised

- 36 ^{F4}(1) ^{F5}[All] of the money raised by the issuance of the relevant issue of shares must have been employed wholly for the purposes of a relevant trade not later than the time determined in accordance with sub-paragraph (1B).

^{F6}(1A)

(1B) The time referred to in sub-paragraph (1) is—

- (a) the end of the period of ^{F7}[two years] beginning with the issue of the shares, or
- (b) where the ^{F8}[issuing company or a qualifying 90% subsidiary of that company had not begun to carry on the relevant trade] at the time the shares were issued, the end of the period of ^{F7}[two years] beginning when the issuing company or a ^{F9}[qualifying 90% subsidiary of that company] begins to carry on the relevant trade.

(1C) ^{F10}[Sub-paragraph (1) is] subject to sub-paragraph (5).]

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- (2) For the purposes of this paragraph—
“the relevant issue of shares” means the issue of shares in the issuing company which includes the relevant shares;
“relevant trade” means a trade by reference to which the issuing company meets the trading activities requirement.
- (3) In this paragraph references to employing money for the purposes of a trade (except where the carrying on of the trade is within paragraph 25(2)) include references to employing it for the purpose of preparing to carry on the trade.
- (4) In sub-paragraph (2) the reference to a trade by reference to which the trading activities requirement is met includes, where the carrying on of that trade is within paragraph 25(2), a reference to any qualifying trade—
(a) which is derived or benefits from that trade, and
(b) which is carried on—
(i) by the issuing company, or
(ii) if that company is a parent company, by that company or a [F11 qualifying 90% subsidiary] of that company.
- (5) Where—
(a) [F12 any of the money raised by the issuance of the relevant issue of shares] is employed for the purposes of a trade that is a relevant trade by virtue of sub-paragraph (4), and
(b) that trade was not being carried on by the issuing company, or a [F13 qualifying 90% subsidiary] of that company, at the time the shares were issued,
the requirement of sub-paragraph (1) F14... is not met unless that money is so employed before the third anniversary of the issue date.
- (6) For the purposes of this paragraph money is not treated as employed otherwise than wholly for the purposes of a trade if the only amount employed for other purposes is an amount which is not a significant amount.

Textual Amendments

- F4** Sch. 15 para. 36(1)-(1C) substituted (11.5.2001 with effect as mentioned in Sch. 16 para. 5(3) of the amending Act) for Sch. 15 para. 36(1) by 2001 c. 9, s. 64, Sch. 16 para. 5(1)(3).
- F5** Word in Sch. 15 para. 36(1) substituted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by Finance Act 2009 (c. 10), Sch. 8 para. 8(2)
- F6** Sch. 15 para. 36(1A) omitted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 8 para. 8(3)
- F7** Words in Sch. 15 para. 36(1B) substituted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by Finance Act 2009 (c. 10), Sch. 8 para. 8(4)
- F8** Words in Sch. 15 para. 36(1B)(b) substituted (22.7.2004) (with effect in accordance with Sch. 20 para. 15 of the amending Act) by Finance Act 2004 (c. 12), Sch. 20 para. 11(a)(i)
- F9** Words in Sch. 15 para. 36(1B)(b) substituted (22.7.2004) (with effect in accordance with Sch. 20 para. 15 of the amending Act) by Finance Act 2004 (c. 12), Sch. 20 para. 11(a)(ii)
- F10** Words in Sch. 15 para. 36(1C) substituted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by Finance Act 2009 (c. 10), Sch. 8 para. 8(5)
- F11** Words in Sch. 15 para. 36(4)(b)(ii) substituted (22.7.2004) (with effect in accordance with Sch. 20 para. 15 of the amending Act) by Finance Act 2004 (c. 12), Sch. 20 para. 11(b)

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- F12** Words in Sch. 15 para 36(5)(a) substituted (11.5.2001 with effect as mentioned in [Sch. 16 para. 5\(3\)](#) of the amending Act) by [2001 c. 9, s. 64, Sch. 16 paras. 5\(2\)\(a\)\(3\)](#)
- F13** Words in Sch. 15 para. 36(5)(b) substituted (22.7.2004) (with effect in accordance with Sch. 20 para. 15 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 20 para. 11\(b\)](#)
- F14** Words in Sch. 15 para. 36(5) omitted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 8 para. 8\(6\)](#)

Requirement as to no pre-arranged exits

- 37 (1) The issuing arrangements for the relevant shares must not include—
- (a) arrangements with a view to the subsequent repurchase, exchange or other disposal of those shares or of other shares in or securities of the issuing company;
 - (b) arrangements for or with a view to the cessation of any trade which is being or is to be or may be carried on by the issuing company or a person connected with that company;
 - (c) arrangements for the disposal of, or of a substantial amount (in terms of value) of, the assets of the issuing company or of a person connected with that company; or
 - (d) arrangements the main purpose of which, or one of the main purposes of which, is (by means of any insurance, indemnity or guarantee or otherwise) to provide partial or complete protection for persons investing in shares in the issuing company against what would otherwise be the risks attached to making the investment.
- (2) For the purposes of this paragraph “the issuing arrangements” means—
- (a) the arrangements under which the relevant shares are issued to the investing company,
 - (b) any arrangements made, before the issue of the relevant shares to that company, in relation to or in connection with that issue, and
 - (c) if before the relevant shares were issued information on pre-arranged exits was made available to any prospective subscribers for shares in the relevant issue, any arrangements made—
 - (i) on or after the issue of the shares, but
 - (ii) before the end of the qualification period relating to them.
- (3) For the purposes of sub-paragraph (2)—
- (a) “information on pre-arranged exits” means any information indicating the possibility of making, on or after the issue of the relevant shares but before the end of the qualification period relating to them, arrangements of the kind described in paragraph (a), (b), (c) or (d) of sub-paragraph (1), and
 - (b) “the relevant issue” means the issue of shares in the issuing company which includes the relevant shares.
- (4) The arrangements referred to in sub-paragraph (1)(a) do not include any arrangements with a view to such an exchange of shares, or shares and securities, as is mentioned in paragraph 83(1) (certain exchanges resulting in acquisition of share capital by new company).
- (5) The arrangements referred to in sub-paragraph (1)(b) and (c) do not include any arrangements applicable only on the winding up of the issuing company except in a case where—

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- (a) the issuing arrangements include arrangements for the issuing company to be wound up, or
 - (b) the issuing company is wound up otherwise than for commercial reasons.
- (6) The arrangements referred to in sub-paragraph (1)(d) do not include any arrangements which are confined to the provision—
- (a) for the issuing company itself, or
 - (b) where the issuing company is the parent company of a group, for any group company,
- of any such protection against the risks arising in the course of carrying on its business as might reasonably be expected to be provided for normal commercial reasons.

Requirement as to no tax avoidance

- 38 The relevant shares must be issued for commercial reasons, and not as part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax.

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