



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER II

TAXATION OF CHARGEABLE GAINS

Groups of companies etc.

135 Transfer within group to venture capital trust.

(1) In section 171 of the ^{M1}Taxation of Chargeable Gains Act 1992 (transfers within a group), after the word “or” at the end of paragraph (c) of subsection (2) there shall be inserted the following paragraph—

“(cc) a disposal by or to a venture capital trust; or”

(2) After the section 101B of that Act inserted by section 134 above there shall be inserted the following section—

“101C Transfer within group to venture capital trust.

(1) This section applies where—

- (a) an asset has been disposed of to a company (the “acquiring company”) and the disposal has been treated by virtue of section 171(1) as giving rise to neither a gain nor a loss,
- (b) at the time of the disposal the acquiring company was not a venture capital trust, and
- (c) the conditions set out in subsection (2) below are satisfied by the acquiring company.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1998, Section 135. (See end of Document for details)

- (2) Those conditions are satisfied by the acquiring company if—
- (a) it becomes a venture capital trust by virtue of an approval having effect as from a time (the “time of approval”) not more than 6 years after the time of the disposal,
 - (b) at the time of approval the company owns, otherwise than as trading stock—
 - (i) the asset, or
 - (ii) property to which a chargeable gain has been carried forward from the asset on a replacement of business assets,
 - (c) it has not been a venture capital trust at any earlier time since the time of the disposal, and
 - (d) at the time of approval, there has not been an event by virtue of which it falls by virtue of section 179(3) or 101A(3) to be treated as having sold, and immediately reacquired, the asset at the time specified in subsection (3) below.
- (3) The acquiring company shall be treated for all the purposes of this Act as if immediately after the disposal it had sold, and immediately reacquired, the asset at its market value at that time.
- (4) Any chargeable gain or allowable loss which, apart from this subsection, would accrue to the acquiring company on the sale referred to in subsection (3) above shall be treated as accruing to it immediately before the time of approval.
- (5) Subsections (5) to (7) of section 101A apply for the purposes of this section as they apply for the purposes of that section.
- (6) Notwithstanding any limitation on the time for making assessments, any assessment to corporation tax chargeable in consequence of this section may, in a case in which the time of approval is the time at which an accounting period of the company begins, be made at any time within 6 years after the end of that accounting period.
- (7) Any reference in this section to an approval is a reference to an approval for the purposes of section 842AA of the Taxes Act.”
- (3) In section 179 of that Act (company ceasing to be a member of a group), after the subsection (2C) inserted by section 133 above there shall be inserted the following subsection—
- “(2D) This section shall not have effect as respects any asset if, before the time when the chargeable company ceases to be a member of the group or, as the case may be, the second group, an event has already occurred by virtue of which the company falls by virtue of section 101C(3) to be treated as having sold and immediately reacquired the asset at the time specified in subsection (3) below.”
- (4) Subsection (1) above applies to disposals made on or after 17th March 1998.
- (5) Subsections (2) and (3) above apply to a company in respect of which an approval for the purposes of [F1Part 6 of the Income Tax Act 2007] (venture capital trusts) has effect as from a time falling on or after 17th March 1998.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1998, Section 135. (See end of Document for details)*

Textual Amendments

F1 Words in s. 135(5) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 383](#) (with [Sch. 2](#))

Marginal Citations

M1 [1992 c. 12](#).

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