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

SCHEDULES

SCHEDULE 15

THE CORPORATE VENTURING SCHEME

PART V

INVESTMENT RELIEF

Form of investment relief

- 39 (1) Where—
- (a) the investing company is eligible for investment relief in respect of an amount subscribed by it for an issue of shares, and
 - (b) it makes a claim under this Part,
- the company's liability for corporation tax for the accounting period in which the shares were issued shall be reduced by the appropriate amount.
- (2) In sub-paragraph (1) "the appropriate amount" means whichever is the smaller of—
- (a) 20% of the amount or aggregate amount—
 - (i) which was subscribed by the company for shares issued in that period, and
 - (ii) in respect of which the company is eligible for and claims investment relief, and
 - (b) the amount which reduces the liability to nil.

Entitlement to claim

- 40 (1) The investing company is entitled to make a claim to investment relief in respect of the amount subscribed by it for the relevant shares if it appears to it that the requirements for the relief are for the time being met.
- This is subject to sub-paragraph (2).
- (2) The investing company is not entitled to make a claim to investment relief in relation to the amount subscribed by it for the relevant shares unless—
- [^{F1}(a) the funded trade has been carried on for four months by no person other than the issuing company or a qualifying 90% subsidiary of that company, disregarding—
 - (i) any time spent preparing to carry on that trade, and
 - (ii) any person required to be disregarded in accordance with sub-paragraph (2A) or (2B), and]
 - (b) the investing company has received from the issuing company a compliance certificate in respect of those shares.

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[^{F2}(2A) At any time when the funded trade is carried on by the partners in a partnership of which the issuing company, or a qualifying 90% subsidiary of that company, is a member, there shall be disregarded for the purposes of sub-paragraph (2)(a) any other members of the partnership at that time.

(2B) At any time when the funded trade is carried on by the parties to a joint venture to which the issuing company, or a qualifying 90% subsidiary of that company, is a party, there shall be disregarded for the purposes of sub-paragraph (2)(a) any other parties to the joint venture at that time.]

(3) For the purposes of this paragraph, “the funded trade” means the trade or trades by reference to which the requirement of paragraph 36 (use of money raised) is met in respect of the relevant issue of shares (as defined by sub-paragraph (2) of that paragraph).

This is subject to sub-paragraph (4).

(4) To the extent that the funded trade would, by virtue of sub-paragraph (3), be a trade derived or benefiting from a trade within paragraph 25(2), the funded trade shall be deemed, for the purposes of this paragraph, to be the trade within that paragraph.

(5) Where—

- [^{F3}(a) by reason only of the issuing company or any other company being wound up or dissolved without winding up, the funded trade is carried on as mentioned in sub-paragraph (2)(a) for a period shorter than four months, and]
- (b) the winding up or dissolution [^{F4}is] for commercial reasons and [^{F4}is] not part of a scheme or arrangement the main purpose or one of the main purposes of which [^{F4}is] the avoidance of tax,

sub-paragraph (2)(a) shall have effect as if it referred to that shorter period.

(6) Where—

- [^{F5}(a) by reason only of anything done as a consequence of the issuing company or any other company being in administration or receivership, the funded trade is carried on as mentioned in sub-paragraph (2)(a) for a period shorter than four months, and]
- (b) [^{F6}the entry into administration or receivership], and everything done as a consequence of the company [^{F7}concerned] being in administration or receivership, is for commercial reasons and is not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax,

sub-paragraph (2)(a) shall have effect as if it referred to that shorter period.

(7) No application shall be made under section 55(3) or (4) of the Taxes Management Act 1970 (application for postponement of payment of tax pending appeal) on the ground that the investing company is eligible for investment relief unless a claim for the relief has been duly made by that company.

Textual Amendments

- F1** Sch. 15 para. 40(2)(a) 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. 12(a)**

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

- F2** Sch. 15 para. 40(2A), (2B) inserted (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. 12\(b\)](#)
- F3** Sch. 15 para. 40(5)(a) 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. 12\(c\)](#)
- F4** Word in Sch. 15 para. 40(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. 12\(d\)](#)
- F5** Sch. 15 para. 40(6)(a) 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. 12\(e\)](#)
- F6** Words in Sch. 15 para. 40(6)(b) substituted (15.9.2003) by [Enterprise Act 2002 \(Insolvency\) Order 2003 \(S.I. 2003/2096\)](#), [art. 1\(1\)](#), [Sch. para. 34\(c\)](#) (with [art. 6](#))
- F7** Word in Sch. 15 para. 40(6)(b) inserted (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. 12\(f\)](#)

Compliance certificates

- 41 (1) A “compliance certificate” is a certificate which—
- (a) is issued by the issuing company in respect of the relevant shares,
 - (b) states that, except so far as they fall to be met by or in relation to the investing company, the requirements for investment relief are for the time being met in relation to those shares, and
 - (c) is in such form as the Inland Revenue may direct.
- (2) Before issuing a compliance certificate in respect of the relevant shares, the issuing company must provide the Inland Revenue with a compliance statement in respect of the issue of shares which includes the relevant shares.
- (3) The issuing company must not issue a compliance certificate without the authority of the Inland Revenue.
- (4) Where the company or a person connected with the company has given notice to the Inland Revenue under paragraph 65 (information to be provided by issuing company etc.) the authority of the Inland Revenue must be given or renewed after the receipt of the notice.

Compliance statements

- 42 (1) A “compliance statement” is a statement, in respect of an issue of shares, to the effect that, except so far as they fall to be satisfied by or in relation to companies to which the shares included in that issue have been issued, the requirements for investment relief—
- (a) are for the time being met in relation to the shares to which the statement relates, and
 - (b) have been so met at all times since the shares were issued.
- In determining for the purposes of this sub-paragraph whether those requirements are met at any time in relation to the issue of shares, references in this Schedule to “the relevant shares” shall be read as references to the shares included in the issue.
- (2) A compliance statement must be in such form as the Inland Revenue direct and must contain—
- (a) such additional information as the Inland Revenue reasonably require,

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- (b) a declaration that the statement is correct to the best of the issuing company's knowledge and belief, and
 - (c) such other declarations as the Inland Revenue reasonably require.
- (3) Without prejudice to the generality of sub-paragraph (2)(a) the information required by the Inland Revenue may include—
- (a) information relating to the companies to which compliance certificates may be issued under paragraph 41 in respect of any shares included in the issue of shares to which the statement relates, and
 - (b) information to enable the Inland Revenue to determine whether the requirements of paragraph 35(2)(b) and (c) (shares to be subscribed for wholly in cash and fully paid up) are met in relation to shares included in that issue subscribed for by such companies.
- (4) The issuing company may not provide the Inland Revenue with a compliance statement in respect of any shares issued by it in any accounting period—
- (a) before the condition in paragraph 40(2)(a) (no claim until trade carried on for four months) is satisfied; or
 - (b) later than two years after the end of that accounting period or, if that condition is first satisfied after the end of that accounting period, later than two years after the condition is first satisfied.

Appeal against refusal to authorise compliance certificate

- 43 For the purposes of the provisions of the ^{M1}Taxes Management Act 1970 relating to appeals, the refusal of the Inland Revenue to authorise the issue of a compliance certificate shall be taken to be a decision disallowing a claim by the issuing company which is not a claim for discharge or repayment of tax.

Marginal Citations

M1 1970 c. 9.

Penalties for fraudulent certificate or statement etc.

- 44 The issuing company is liable to a penalty not exceeding £3,000 if—
- (a) it issues a compliance certificate, or provides a compliance statement, which is made fraudulently or negligently, or
 - (b) it issues a compliance certificate in contravention of paragraph 41(3) or (4) (no certificate to be issued without Inland Revenue approval).

Attribution of relief to shares

- 45 (1) References in this Schedule, in relation to a company, to the investment relief attributable to any shares or issue of shares shall be read as references to any reduction made in the company's liability to corporation tax that is attributed to those shares or that issue in accordance with this paragraph.

This is subject to the provisions of Part VI of this Schedule providing for the reduction or withdrawal of investment relief.

Changes to legislation: There are currently no known outstanding effects
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- (2) Where a company's liability to corporation tax is reduced for an accounting period under paragraph 39 (form of investment relief), then—
 - (a) where the reduction is obtained by reason of one issue of shares, the amount of the reduction shall be attributed to that issue, and
 - (b) where the reduction is obtained by reason of two or more issues of shares, the reduction—
 - (i) shall be apportioned between those issues in the same proportions as the amounts subscribed by the company for each issue, and
 - (ii) shall be attributed to those issues accordingly.
- (3) Where under this paragraph an amount of any reduction of corporation tax is attributed to an issue of shares ("the original issue") to a company a proportionate part of that amount shall be attributed to each share comprised in the original issue.
- (4) If corresponding bonus shares are issued to the company in respect of any shares ("the original shares") comprised in the original issue that have been continuously held by the company from the time they were issued until the issue of the bonus shares—
 - (a) a proportionate part of the total amount attributed to the original shares immediately before the bonus shares are issued shall be attributed to each of the shares in the holding comprising the original shares and the bonus shares, and
 - (b) after the issue of the bonus shares, this Schedule shall apply as if—
 - (i) the original issue had included the bonus shares, and
 - (ii) the bonus shares had been held by the company continuously from the time the original shares were issued until the bonus shares were issued.
- (5) In sub-paragraph (4) "corresponding bonus shares" means bonus shares which are in the same company, of the same class, and carry the same rights as the original shares.
- (6) If investment relief attributable to any shares falls to be withdrawn under Part VI of this Schedule the relief attributable to each of the shares shall be reduced to nil.
- (7) If investment relief attributable to any shares falls to be reduced under Part VI of this Schedule by any amount the relief attributable to each of the shares shall be reduced by a proportionate part of that amount.

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