SCHEDULES

SCHEDULE 33

VENTURE CAPITAL TRUSTS

PART 1

VENTURE CAPITAL TRUSTS: WINDING UP

Meaning of "VCT-in-liquidation"

1 (1) In this Part of this Schedule "VCT-in-liquidation" means a company—

(a) that is being wound up (whether or not under the law of a part of the United Kingdom and whether under the law of one, or more than one, territory),

(b) that was a venture capital trust immediately before the commencement of its winding-up, and

(c) whose winding up is for *bona fide* commercial reasons and is not part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.

(2) Regulations may, for purposes of this Part of this Schedule, make provision as to when a company's winding up is to be treated as commencing or ending in a case where it is wound up otherwise than under the law of a part of the United Kingdom or otherwise than under the law of a single territory.

Power to treat VCT-in-liquidation as VCT

2 (1) Regulations may make provision for tax enactments specified by the regulations to have effect as if—

(a) a VCT-in-liquidation that is not a venture capital trust were, or were during any prescribed period of its winding-up, a venture capital trust;

(b) VCT approval withdrawn from a company—

(i) at any time during the period when it is a VCT-in-liquidation, or

(ii) at any time during a prescribed part of that period,

were withdrawn at a prescribed time (and not at the time at which it is actually withdrawn).

(2) In this paragraph "prescribed" means specified by, or determined under, regulations.

Power to treat conditions for VCT approval as fulfilled with respect to VCT-in-liquidation

3 (1) Regulations may make provision for conditions specified in section 842AA(2) of the Taxes Act 1988 (conditions for approval as a VCT) to be treated for purposes of section 842AA(2) and (3) of that Act as fulfilled, or as conditions that will be fulfilled, with respect to a VCT-in-liquidation.

(2) Provision under sub-paragraph (1) may be made so as to apply in relation to a VCT-in-liquidation—
  (a) throughout its winding-up, or
  (b) during prescribed periods of its winding-up.

(3) Regulations may, for purposes of tax enactments specified by the regulations, make provision for VCT approval to be treated as having been withdrawn, with effect as from a time specified by or determined under the regulations, from a VCT-in-liquidation from whom the Board would have power to withdraw such approval but for provision made under sub-paragraph (1).

Power to make provision about distributions by VCT-in-liquidation

4 (1) Regulations may make provision for tax enactments specified by the regulations—
  (a) to apply in relation to distributions from a VCT-in-liquidation (including, in particular, distributions in the course of dissolving it or winding it up);
  (b) not to apply in relation to such distributions;
  (c) to apply in relation to such distributions with modifications specified by the regulations.

(2) Provision under sub-paragraph (1) may be made so as to apply in relation to distributions from a VCT-in-liquidation made—
  (a) at any time during its winding-up, or
  (b) during periods of its winding-up specified by, or determined under, regulations.

Power to facilitate disposals to VCT by VCT-in-liquidation

5 (1) Regulations may make provision authorised by sub-paragraph (2) for cases where shares in or securities of a company are acquired by a venture capital trust ("the trust company") from a VCT-in-liquidation.

(2) The provision that may be made under sub-paragraph (1) for such a case is—
  (a) provision for conditions specified in section 842AA(2) of the Taxes Act 1988 (conditions for approval as a VCT) to be treated for purposes of section 842AA(2) and (3) of that Act as fulfilled, or as conditions that will be fulfilled, with respect to the trust company in relation to periods ending after the acquisition;
  (b) provision for the shares or securities acquired to be treated, at times after the acquisition when they are held by the trust company, as meeting requirements of Schedule 28B to the Taxes Act 1988 (provisions for determining whether shares or securities held by a venture capital trust form part of its qualifying holdings);
  (c) provision for shares in the trust company issued in connection with the acquisition of the shares or securities from the VCT-in-liquidation and either—
    (i) issued to a person who is a member of the VCT-in-liquidation, or
    (ii) issued to the VCT-in-liquidation and distributed by it in the course of its winding-up or dissolution to a person who is one of its members,

to be treated, for purposes of Schedule 5C to the Taxation of Chargeable Gains Act 1992 (c. 12), as representing shares in the VCT-in-liquidation held by that person.

(3) Provision under sub-paragraph (1) may be made so as to apply in relation to shares or securities acquired from a VCT-in-liquidation—

(a) at any time during its winding-up, or

(b) during periods of its winding-up specified by, or determined under, regulations.

(4) In this paragraph "securities" means any securities and includes any liability that is a security in relation to a company by reason of section 842AA(12)(a) of the Taxes Act 1988.

Provision in respect of periods before and after winding-up

6 (1) Any power under paragraphs 2 to 5 to make provision in relation to a VCT-in-liquidation includes power to make corresponding or similar provision in relation to—

(a) a company for whose winding up an application has been made to a court and which is not a VCT-in-liquidation but would be if, at the time that application was made, the court had ordered the company's winding-up to commence at that time;

(b) a company that has been a VCT-in-liquidation but is no longer a VCT-in-liquidation because it has been wound up.

(2) For the purposes of making provision in reliance on sub-paragraph (1), references in paragraphs 2 to 5 (however expressed) to a VCT-in-liquidation's winding-up, or to the commencement or ending of its winding-up, may be taken to be references to, or to the commencement or ending of, the extension period for a company to which sub-paragraph (1) applies.

(3) In this paragraph—

"the extension period"—

(a) in relation to a company to which sub-paragraph (1)(a) applies, means the period beginning with the making of the application and ending with the earlier of its final determination and the company becoming a company that is being wound up, and

(b) in relation to company to which sub-paragraph (1)(b) applies, means the period between the end of the company's winding-up and the company's dissolution;

"prescribed" means specified by, or determined under, regulations.

Part 1: supplementary provisions and interpretation

7 (1) Provision made by regulations under paragraphs 2 to 6 applies in cases, and subject to conditions, specified by regulations.

(2) Such provision may (but need not) be made so as to have effect in a particular case only for such period as may be specified by, or determined under, regulations.

(3) Such provision may be made in relation to any—

(a) VCT-in-liquidation, or

(b) company such as is mentioned in paragraph 6(1),

whose winding-up commences on or after 17th April 2002.

(4) In this Part of this Schedule "VCT approval" means approval for the purposes of section 842AA of the Taxes Act 1988 (approval as a VCT).

(5) References in this Part of this Schedule to things done by a VCT-in-liquidation include things done by a liquidator of a VCT-in-liquidation.