

---

**Changes to legislation:** Finance Act 2007, Cross Heading: Venture capital trusts is up to date with all changes known to be in force on or before 23 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

---

## SCHEDULES

### SCHEDULE 16

#### VENTURE CAPITAL SCHEMES ETC

##### PART 1

###### LIMIT ON NUMBER OF EMPLOYEES OF COMPANY IN WHICH INVESTMENT IS MADE

###### *Venture capital trusts*

- 3 (1) Part 6 of ITA 2007 is amended as follows.
- (2) In section 286(3) (qualifying holdings: introduction) after paragraph (j) insert—  
“(ja) number of employees (see section 297A),”.
- (3) After section 297 insert—

###### **“297A The number of employees requirement**

- (1) If the relevant company is a single company, the full-time equivalent employee number for it must be less than 50 when the relevant holding is issued.
- (2) If the relevant company is a parent company, the sum of—  
(a) the full-time equivalent employee number for it, and  
(b) the full-time equivalent employee numbers for each of its qualifying subsidiaries,  
must be less than 50 when the relevant holding is issued.
- (3) The full-time equivalent employee number for a company is calculated as follows—  
*Step 1*  
Find the number of full-time employees of the company.  
*Step 2*  
Add, for each employee of the company who is not a full-time employee, such fraction as is just and reasonable.  
The result is the full-time equivalent employee number.
- (4) In this section references to an employee—  
(a) include a director, but  
(b) do not include—  
(i) an employee on maternity or paternity leave, or

*Changes to legislation: Finance Act 2007, Cross Heading: Venture capital trusts is up to date with all changes known to be in force on or before 23 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(ii) a student on vocational training.”

- (4) In section 327 (certain requirements of Chapter 4 to be treated as met)—
- (a) in subsection (1), at the end insert “, and section 297A (the number of employees requirement). ”;
  - (b) in subsection (4)(b) for “and 297” substitute “, 297 and 297A ”.
- (5) This paragraph is deemed to have come into force on 6th April 2007.
- (6) The amendments made by this paragraph do not have effect in relation to—
- (a) a relevant holding issued before that date, or
  - (b) a relevant holding acquired by a company (“the investing company”) [F1before 6 April 2018] by means of the investment of protected money.
- (7) For the purposes of sub-paragraph (6)(b), “protected money” is—
- (a) money raised by the issue before 6th April 2007 of shares in or securities of the investing company, or
  - (b) money derived from the investment of such money.

#### **Textual Amendments**

**F1** Words in [Sch. 16 para. 3\(6\)\(b\)](#) inserted (6.4.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 5 paras. 9, 13](#); [S.I. 2018/931](#), reg. 4(e)

**Changes to legislation:**

Finance Act 2007, Cross Heading: Venture capital trusts is up to date with all changes known to be in force on or before 23 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 993 modified by [2016 c. 24 s. 118\(2\)](#)
- Sch. 24 para. 12(5)(za) inserted by [2015 c. 11 Sch. 20 para. 6\(a\)](#)
- Sch. 24 para. 21A(A1) inserted by [2015 c. 11 Sch. 20 para. 7\(2\)](#)
- Sch. 24 para. 4A(A1)(1) substituted for Sch. 24 para. 4A(1) by [2015 c. 11 Sch. 20 para. 3\(2\)](#)