
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2018.
Cross Heading: Relaxation of restriction where there is a linked sale. (See end of Document for details)

SCHEDULES

SCHEDULE 5

VENTURE CAPITAL TRUSTS: FURTHER AMENDMENTS

Relaxation of restriction where there is a linked sale

- 1 (1) Section 264A of ITA 2007 (restricting VCT relief where there is a linked sale) is amended as follows.
- (2) In subsection (5), at the beginning of paragraph (b) insert “ if subsection (7A) applies, ”.
- (3) After subsection (7) insert—
- “(7A) This subsection applies if—
- (a) the date of the merger or restructuring referred to in subsection (7) (“D2”) is before, or the same as, the date when the individual subscribes for the relevant shares (“D1”), or
 - (b) D2 is after D1 but no more than two years after, and either—
 - (i) the individual could reasonably be expected to know at the time of subscribing for the relevant shares that the merger or restructuring referred to in subsection (7) was likely to take place, or
 - (ii) the main purpose of the merger or restructuring, or one of its main purposes, is to enable individuals to obtain a tax advantage in connection with VCT relief.
- (7B) For the purposes of subsection (7A)—
- (a) the date of the merger or restructuring is the date of the issue of shares referred to in section 323(1)(a) or (2)(a) or section 326(2)(a) (or, if there is more than one such issue, the date of the first of them);
 - (b) a “tax advantage” includes—
 - (i) relief or increased relief from tax,
 - (ii) repayment or increased repayment of tax,
 - (iii) avoidance or reduction of a charge to tax or an assessment to tax, and
 - (iv) avoidance of a possible assessment to tax.”

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