

*These notes refer to the Income Tax Act 2007 (c.3)
which received Royal Assent on 20 March 2007*

INCOME TAX ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Schedule 1: Minor and consequential amendments

Part 1: Income and Corporation Taxes Act 1988

Section 576

3183. This section supplements sections 573 to 575 of ICTA. The provisions of section 576(1) to (1B) and (4) to (5) are included in Chapter 6 of Part 4 so far as they supplement sections 574 and 575 of ICTA, but in the case of section 575 only so far as that section applies for the purposes of section 574.
3184. Section 576(1) and (1C) continue in force with necessary amendments so far as they supplement section 573 of ICTA.
3185. This amendment inserts a new *subsection (1D)* defining “holding”. This definition was formerly in subsection (5) which is repealed.
3186. Section 576(2) and (3) have effect for the purposes of corporation tax on chargeable gains where relief is obtained against income for corporation tax purposes under section 573 of ICTA and for the purposes of capital gains tax where share loss relief is obtained under section 574 of that Act. Those subsections have been omitted and their provisions are contained for both purposes in section 125A(2) and (3) of TCGA introduced by this Schedule.
3187. Section 576(4) defines a “qualifying trading company” in terms of its being an “eligible trading company” and having been such for a specified continuous period. Section 576(4A) defines an “eligible trading company” by applying the requirements of section 293 and other provisions of Chapter 7 of Part 3 of ICTA (enterprise investment scheme) with modifications. Section 134 of this Act avoids the double layer of definition in section 576(4) and omits the concept of an “eligible trading company”.
3188. The same approach has been taken in making consequential amendments to section 576(4) to (4B) for corporation tax purposes. Those subsections have been omitted and replaced by new sections 576A to 576K of ICTA, which, together with sections 573, 575, 576 and 576L, form new Chapter 5A of Part 13 of ICTA.
3189. Section 576(5) has been omitted and the terms defined in it which are relevant for corporation tax purposes are to be found in sections 575(4), 576(1D), and 576L of ICTA.