



Income Tax Act 2007

2007 CHAPTER 3

PART 5

ENTERPRISE INVESTMENT SCHEME

CHAPTER 6

WITHDRAWAL OR REDUCTION OF EIS RELIEF

Miscellaneous

232 Acquisition of a trade or trading assets

- (1) Any EIS relief attributable to any shares in a company held by an individual is withdrawn if—
- (a) at any time in period A, the company or any qualifying subsidiary—
 - (i) begins to carry on as its trade, or as part of its trade, a trade which was previously carried on at any time in that period otherwise than by the company or any qualifying subsidiary, or
 - (ii) acquires the whole, or the greater part, of the assets used for the purposes of a trade previously so carried on, and
 - (b) the individual is a person, or one of a group of persons, to whom subsection (2) or (3) applies.
- (2) This subsection applies to any person or group of persons—
- (a) to whom an interest amounting in total to more than a half share in the trade (as previously carried on) belonged at any time in period A, and
 - (b) who is or are a person or group of persons to whom such an interest in the trade carried on by the company belongs or has, at any such time, belonged.
- (3) This subsection applies to any person or group of persons who—
- (a) control or, at any time in period A, have controlled the company, and

Status: Point in time view as at 19/12/2012.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 232. (See end of Document for details)

- (b) is or are a person or group of persons who, at any such time, controlled another company which previously carried on the trade.
- (4) For the purposes of subsection (2)—
- (a) [^{F1}for the purpose of determining] the person to whom a trade belongs and, if a trade belongs to two or more persons, their respective shares in [^{F2}that trade—
- (i) apply section 941(6) of CTA 2010, and
- (ii) an interest in a trade belonging to a company may be treated in accordance with any of the options set out in section 942 of that Act, and]
- (b) any interest, rights or powers of a person who is an associate of another person are treated as those of that other person.
- (5) In determining whether any EIS relief attributable to any shares in the issuing company held by an individual who—
- (a) is a director of, or of a company which is a partner of, the issuing company or any qualifying subsidiary, and
- (b) is in receipt of, or entitled to receive, remuneration as such a director falling within section 169(2) (reasonable remuneration for services),
- is to be withdrawn, the reference in subsection (3)(b), and (so far as relating to that provision) the reference in subsection (1)(a)(i), to any time in period A are to be read as references to any time before the end of period A.
- (6) Section 167(3) (director also an employee) applies for the purposes of subsection (5) as it applies for the purposes of section 168, and in subsection (5) “remuneration” includes any benefit or facility.
- (7) In this section “trade” includes any business or profession, and references to a trade previously carried on include references to part of such a trade.

Textual Amendments

- F1** Words in s. 232(4)(a) inserted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 502\(a\)](#) (with [Sch. 2](#))
- F2** Words in s. 232(4)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 502\(b\)](#) (with [Sch. 2](#))

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