
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 5. (See end of Document for details)

SCHEDULES

SCHEDULE 6

VENTURE CAPITAL TRUSTS

The first commercial sale condition and the no business acquisition condition

5 After section 280B insert—

“280C The permitted maximum age condition

- (1) This section applies for the purposes of the permitted maximum age condition.
- (2) Where a company makes an investment in another company (“the relevant company”), that investment (“the current investment”) breaches the permitted maximum age limits if—
 - (a) the investment is made after the initial investing period, and
 - (b) none of conditions A to C is met.
- (3) “The initial investing period” means—
 - (a) where the relevant company is a knowledge-intensive company on the investment date, the period of 10 years beginning with the relevant first commercial sale, and
 - (b) in any other case, the period of 7 years beginning with that sale.
- (4) Condition A is that—
 - (a) a relevant investment was made in the relevant company before the end of the initial investing period, and
 - (b) some or all of the money raised by that investment was employed for the purposes of the same activities as the money raised by the current investment (or some of those activities).
- (5) Condition B is that—
 - (a) the sum of—
 - (i) the amount of the current investment, and
 - (ii) the total amount of any other relevant investments made in the relevant company in a period of 30 consecutive days which includes the investment date,is at least 50% of the average turnover amount, and
 - (b) the money raised by the current investment and the investments mentioned in paragraph (a)(ii) is employed for the purpose of entering a new product or geographical market.
- (6) Condition C is that—

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- (a) condition B in subsection (5) or condition B in section 175A(4) (EIS: permitted company age requirement) was previously met in relation to one or more relevant investments made in the relevant company, and
 - (b) some or all of the money raised by those investments was employed for the purposes of the same activities as the money raised by the current investment.
- (7) “The relevant first commercial sale” means the earliest of the following—
 - (a) the first commercial sale made by the relevant company,
 - (b) the first commercial sale made by a company that is at the investment date, or before that date has been, a 51% subsidiary of the relevant company (including a sale made by a company before it became such a subsidiary but, if it is not such a subsidiary at the investment date, not a sale made after it last ceased to be such a subsidiary),
 - (c) the first commercial sale made by any person who previously (at any time) carried on a trade which was subsequently carried on, on or before the investment date, by—
 - (i) the relevant company, or
 - (ii) a company that is at the investment date, or before that date has been, a 51% subsidiary of the relevant company,
 (including a trade subsequently carried on by such a company before it became such a subsidiary but, if it is not such a subsidiary at the investment date, not a trade which it carried on only after it last ceased to be such a subsidiary);
 - (d) the first commercial sale made by a company which becomes a 51% subsidiary of the relevant company after the investment date in circumstances where all or part of the money raised by the current investment is employed for the purposes of an activity carried on by that subsidiary (including a sale made by such a company before it became such a subsidiary);
 - (e) the first commercial sale made by any person who previously (at any time) carried on a trade which was subsequently carried on by a company mentioned in paragraph (d) (including a trade carried on by such a company before it became such a subsidiary);
 - (f) if the money raised by the current investment or any part of it is employed for the purposes of a trade which has been transferred after the investment date to the relevant company or a 51% subsidiary of that company (or to a partnership of which the relevant company or such a subsidiary is a member), having previously been carried on (at any time) by another person, the first commercial sale made by that other person.
- (8) “The average turnover amount” means one fifth of the total relevant turnover amount for the five year period which ends—
 - (a) immediately before the beginning of the last accounts filing period, or
 - (b) if later, 12 months before the investment date.
- (9) In this section—

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“entering a new product or geographical market” has the same meaning as in [Commission Regulation \(EU\) No 651/2014](#) (General block exemption Regulation);

“first commercial sale” has the same meaning as in the European Commission's Guidelines on State aid to promote risk finance investments (as those guidelines may be amended or replaced from time to time);

“the investment date” means the day on which the current investment is made;

“the last accounts filing period” means the last period for filing (within the meaning of section 442 of the Companies Act 2006) for the relevant company which ends before the date on which the current investment is made;

“relevant investment” has the meaning given by section 280B(4) (and section 280B(5) and (6) apply for the purposes of this section as they apply for section 280B(2) to (3E));

“the total relevant turnover amount” for a period is—

- (a) if the relevant company is a single company at the investment date, the sum of—
 - (i) the relevant company's turnover for that period,
 - (ii) if all or part of the money raised by the current investment is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the relevant company after the investment date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and
 - (iii) if all or part of the money raised by the current investment is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within sub-paragraphs (i) and (ii));
- (b) if the relevant company is a parent company at the investment date, the sum of—
 - (i) the relevant company's turnover for that period,
 - (ii) the turnover for that period of each company which at the investment date is a 51% subsidiary of the relevant company,
 - (iii) if all or part of the money raised by the issue of the current investment is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the relevant company after the investment date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and
 - (iv) if all or part of the money raised by the current investment is employed for the purposes of a transferred trade, the turnover of that trade for so

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much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within sub-paragraphs (i) to (iii));

“transferred trade” means a trade which has been transferred to the company which is carrying on the trade at the time the money raised by the current investment is employed or to a partnership of which that company is a member;

“turnover”—

- (a) in relation to a company, has the meaning given by section 474(1) of the Companies Act 2006 and is to be determined by reference to the accounts of companies and amounts recognised for accounting purposes (and such apportionments of those amounts as are just and reasonable are to be made for the purpose of determining a company's turnover for a period);
- (b) in relation to any other person carrying on a trade, also has the meaning given by section 474(1) of that Act (reading references in that provision to a company as references to the person) and is to be determined by reference to the accounts of the person and amounts recognised for accounting purposes (and such apportionments of those amounts as are just and reasonable are to be made for the purpose of determining a person's turnover for a period);
- (c) in relation to a transferred trade carried on by a company or other person, means such proportion of the turnover of the company or other person as it is just and reasonable to attribute to the transferred trade;

and section 280B(8) and (9) (meaning of “trade” etc) applies for the purposes of this section as it applies for the purposes of section 280B.

280D The no business acquisition condition

- (1) This section applies for the purposes of the no business acquisition condition.
- (2) Where a company makes an investment in another company (“the relevant company”), that investment breaches the prohibition on business acquisitions if any of the money raised by it is employed (whether on its own or together with other money) on the acquisition, directly or indirectly, of—
 - (a) an interest in another company such that a company becomes a 51% subsidiary of the relevant company,
 - (b) a further interest in a company which is a 51% subsidiary of the relevant company,
 - (c) a trade,
 - (d) intangible assets employed for the purposes of a trade, or
 - (e) goodwill employed for the purposes of a trade.
- (3) The Treasury may by regulations provide that subsection (2) does not apply in relation to acquisitions of intangible assets which are of a description specified, or which occur in circumstances specified, in the regulations.
- (4) In this section—

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“goodwill” has the same meaning as in Part 8 of CTA 2009 (see section 715(3));

“intangible assets” means any asset which falls to be treated as an intangible asset in accordance with generally accepted accountancy practice;

and section 280B(8) and (9) apply for the purposes of this section as they apply for the purposes of section 280B.”

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