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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 7. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 6

#### VENTURE CAPITAL TRUSTS

##### *Qualifying holdings*

- 7 (1) Section 292A (the maximum amount raised annually through risk capital schemes requirement) is amended as follows.
- (2) For subsection (2) substitute—
- “(2) In subsection (1), the reference to relevant investments made in the relevant company includes—
- (a) relevant investments made in any company that has at any time in the year mentioned there been a 51% subsidiary of the relevant company (including investments made in such a company before it became such a subsidiary but, if it was not a subsidiary at the end of that year, not those made after it last ceased to be such a subsidiary),
  - (b) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time in that year been a 51% subsidiary of the relevant company (but, if it is not such a subsidiary at the end of that year, ignoring any money so employed after it last ceased to be such a subsidiary), and
  - (c) any other relevant investment made in a company if—
    - (i) the money raised by the investment has been employed for the purposes of a trade carried on by that company or another person, and
    - (ii) in that year, after that investment was made, the trade (or a part of it) became a relevant transferred trade (see subsection (2B)).
- (2A) If only a proportion of the money raised by a relevant investment is employed for the purposes of a trade which becomes a relevant transferred trade, the reference in subsection (2)(c) to the relevant investment is to be read as a reference to the corresponding proportion of that investment.
- (2B) Where—
- (a) in the year mentioned in subsection (1) a trade is transferred—
    - (i) to the relevant company,
    - (ii) to a company that is, or has at any time during that year been, a 51% subsidiary of the relevant company, or
    - (iii) to a partnership of which a company within subparagraph (i) or (ii) is a member,

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(including where it is transferred to a company within subparagraph (ii), or a partnership of which such a company is a member, at a time in the year before the company became such a subsidiary but not where it is transferred to such a company or partnership in that year after the company last ceased to be such a subsidiary), and

- (b) that trade or a part of it was previously (at any time) carried on by another person,

the trade or part mentioned in paragraph (b) becomes a “relevant transferred trade” at the time it is transferred as mentioned in paragraph (a).”

- (3) In subsection (3)—

- (a) after paragraph (b) insert—

“(ba) an investment is made in the company and (at any time) the company provides a compliance statement under section 257PB (tax relief for social investments) in respect of the investment, or”, and

- (b) in paragraph (c), for “Community Guidelines on Risk Capital Investments in Small and Medium-sized Enterprises” substitute “European Commission’s Guidelines on State aid to promote risk finance investment”.

- (4) In subsection (4) for “and (2)” substitute “to (2B)”.

- (5) After subsection (4) insert—

“(4A) Section 257KB applies in determining for those purposes when an investment within subsection (3)(ba) is made as it applies for the purposes of Part 5B (tax relief on social investments).”

- (6) In subsection (5), after “205” insert “, 257ED or 257PB”.

- (7) After subsection (6) insert—

“(7) 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.”

- (8) In the heading, for “capital schemes” substitute “finance investments”.

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