



Finance Act 2016

2016 CHAPTER 24

PART 1

INCOME TAX

Reliefs: enterprise investment scheme, venture capital trusts etc

31 VCTs: requirements for giving approval

- (1) Section 274 of ITA 2007 (requirements for the giving of approval) is amended as follows.
- (2) In the table in subsection (2), after the entry beginning “The 70% eligible shares condition” insert—

“The non-qualifying investments condition	The company has not made and will not make, in the relevant period, an investment which is neither of the following— <ol style="list-style-type: none">(a) an investment that on the date it is made is included in the company's qualifying holdings;(b) an investment falling within subsection (3A).”
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- (3) In subsection (3), in each of paragraphs (f), (g) and (h), for “(3A)” substitute “(3ZA)”.
- (4) After subsection (3) insert—

“(3ZA) In the second column of the table in subsection (2), in the entries for the investment limits condition, the permitted maximum age condition and the no business acquisition condition, any reference to an investment made by the company in a company does not include an investment falling within subsection (3A).”
- (5) In subsection (3A)—

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- (a) for the words from “In the second” to “does not include” substitute “ An investment made by a company (“the investor”) falls within this subsection if it is ”;
- (b) in paragraph (c) for “the company” substitute “ the investor ”;
- (c) after paragraph (c) insert—
 - “(d) money in the investor's possession;
 - (e) a sum owed to the investor which—
 - (i) under section 285(4)(b) (read with section 285(5) and (6)) is to be regarded as an investment of the investor, and
 - (ii) is such that the investor's right mentioned in section 285(5)(a) may be exercised on 7 days' notice given by the investor.”
- (6) After subsection (3A) insert—
 - “(3B) In subsection (3A), any reference to a thing which may be done on 7 days' notice includes a case where that thing may be done—
 - (a) on less than 7 days' notice, or
 - (b) without notice.”
- (7) In subsection (5)—
 - (a) after paragraph (b) insert—
 - “(ba) amend or repeal subsection (3B) in consequence of any provision made under paragraph (b),”;
 - (b) in paragraph (c) for the words from “made by” to “(3A)” substitute “ falling within subsection (3A) may be held by the company ”.
- (8) The amendments made by this section have effect in relation to investments made on or after 6 April 2016.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)