



Finance (No. 2) Act 2017

2017 CHAPTER 32

PART 1

DIRECT TAXES

Income tax: investments

12 VCTs: follow-on funding

- (1) ITA 2007 is amended as follows.
- (2) In section 326 (restructuring to which sections 326A and 327 apply)—
 - (a) in the heading to section 326, for “section 327 applies” substitute “sections 326A, 327 and 327A apply”;
 - (b) in subsection (1), for “Sections 326A and 327 apply” substitute “Sections 326A, 327 and 327A apply”.
- (3) After section 327 insert—

“327A Follow-on funding

- (1) Subsections (2) and (3) apply where—
 - (a) this section applies (see section 326(1)),
 - (b) the acquisition by the new company of all the old shares, which is provided for by the arrangements mentioned in section 326(1), takes place, and
 - (c) the acquisition falls within section 326(2).
- (2) If, after the acquisition, another company makes an investment in the new company, section 280C (the permitted maximum age condition) has effect in relation to that investment as if—
 - (a) in subsection (4)(a) the reference to a relevant investment having been made in the relevant company before the end of the initial investing

Status: This is the original version (as it was originally enacted).

- period included a reference to a relevant investment having been made in the old company before the acquisition and before the end of the initial investing period, and
- (b) in subsection (6)(a) the reference to relevant investments made in the relevant company included a reference to relevant investments made in the old company before the acquisition.
- (3) In relation to any relevant holding issued by the new company after the acquisition, section 294A (the permitted company age requirement) has effect as if—
- (a) in subsection (3)(a) the reference to a relevant investment having been made in the relevant company before the end of the initial investing period included a reference to a relevant investment having been made in the old company before the acquisition and before the end of the initial investing period, and
 - (b) in subsection (5)(a) the reference to relevant investments made in the relevant company included a reference to relevant investments made in the old company before the acquisition.
- (4) In subsection (3) “relevant holding” has the same meaning as in Chapter 4.”
- (4) The amendments made by this section have effect—
- (a) for the purposes of section 280C of ITA 2007, in relation to investments made on or after 6 April 2017;
 - (b) for the purposes of section 294A of ITA 2007, in relation to relevant holdings issued on or after 6 April 2017.