



Finance Act 2020

2020 CHAPTER 14

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Investments

36 Enterprise investment scheme: approved investment fund as nominee

(1) Section 251 of ITA 2007 (EIS: approved investment fund as nominee) is amended as follows.

(2) In subsection (1)—

- (a) in the opening words, for “Subsection (2) applies” substitute “ This section applies ”,
- (b) in paragraph (a), for “an approved fund” substitute “ an approved knowledge-intensive fund ”,
- (c) omit the “and” at the end of paragraph (b),
- (d) in paragraph (c), for “90%” substitute “ 50% ”,
- (e) after that paragraph insert—

“(d) the amounts which the managers have, as nominee for the individual, subscribed for shares issued within 24 months after the closing of the fund represent at least 90% of the individual's investment in the fund,

(e) within that 24 month period at least 80% of the individual's investment in the fund is represented by shares in companies which are knowledge-intensive companies at the time the shares are issued, and

(f) the managers have met such conditions with respect to the provision of information to HMRC Commissioners as the Commissioners consider appropriate for the purposes of this section.”, and

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2020, Section 36. (See end of Document for details)*

- (f) omit the second sentence.
- (3) After that subsection insert—
- “(1A) In this section “the managers of an approved knowledge-intensive fund” means the person or persons having the management of an investment fund—
- (a) which is, in the opinion of HMRC Commissioners, a fund established for the purpose of investing wholly, or substantially wholly, in shares in companies which are knowledge-intensive companies at the time the shares are issued, and
 - (b) which is, having met such other conditions as HMRC Commissioners consider appropriate for the purposes of this section, approved by them for those purposes.”
- (4) In subsection (2), omit “In any case where this subsection applies,”.
- (5) After that subsection insert—
- “(2A) Accordingly, in a case where section 158 has effect with the modifications in subsection (2), the reference in section 158(4) to the issue of the shares in the preceding tax year is to the issue of the shares in the tax year preceding the tax year in which the fund closes (and references elsewhere in this Part to the issue of shares in a previous tax year are to be read accordingly).”
- (6) In subsection (4), in the opening words, for “an approved fund” substitute “ an approved knowledge-intensive fund ”.
- (7) In subsection (5)(b), for “the Commissioners for Her Majesty's Revenue and Customs” substitute “ HMRC Commissioners ”.
- (8) In subsection (6), for “an approved fund” substitute “ an approved knowledge-intensive fund ”.
- (9) In subsection (7), for “an approved fund” substitute “ an approved knowledge-intensive fund ”.
- (10) After that subsection insert—
- “(8) In this section “HMRC Commissioners” means the Commissioners for Her Majesty's Revenue and Customs.”
- (11) In the title, for “investment fund” substitute “ knowledge-intensive fund ”.
- (12) The amendments made by this section are treated as having come into force on 6 April 2020 in relation to funds that close on or after that date.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2020, Section 36.