



Income Tax Act 2007

2007 CHAPTER 3

[^{F1}PART 5B

TAX RELIEF FOR SOCIAL INVESTMENTS

CHAPTER 4

ELIGIBILITY: CONDITIONS RELATING TO THE SOCIAL ENTERPRISE

[^{F2}Limits on amounts that may be invested

[^{F1} Section 257MNA: supplementary ^{F2}257MNB

(1) In section 257MNA(2) the reference to relevant investments “made in the social enterprise” includes—

- (a) relevant investments made in a company which, at the material date, is or has been a 51% subsidiary of the social enterprise,
- (b) any other relevant investment made in a company to the extent that the money raised by that relevant investment has been employed for the purposes of a trade carried on by another company (“company X”) which, at the material date, is or has been a 51% subsidiary of the social enterprise, and
- (c) any other relevant investment made in a company if—
 - (i) the money raised by that relevant investment has been employed for the purposes of a trade carried on by that company or another person, and
 - (ii) after that relevant investment was made, but on or before the material date, that trade became a transferred trade (see subsection (5)).

(2) The investments within paragraph (a) of subsection (1)—

- (a) include investments made in a company mentioned in that paragraph before it became a 51% subsidiary of the social enterprise, but

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- (b) where a company mentioned in that paragraph is not a 51% subsidiary of the social enterprise at the material date, do not include any investments made in that company after it last ceased to be such a subsidiary.
- (3) For the purposes of subsection (1)(b), where company X is not a 51% subsidiary of the social enterprise at the material date, any money employed after company X last ceased to be such a subsidiary is to be ignored.
- (4) Where only a proportion of the money raised by a relevant investment is employed for the purposes of a trade which becomes a transferred trade, only the corresponding proportion of that relevant investment is to be treated as falling within subsection (1)(c).
- (5) For the purposes of this section, if—
- (a) on or before the material date a trade is transferred—
 - (i) to the social enterprise,
 - (ii) to a company which, at the material date, is or has been a 51% subsidiary of the social enterprise, or
 - (iii) to a partnership of which the social enterprise, or a company within sub-paragraph (ii), is a member, and
 - (b) the trade or part of it was at any time before the transfer carried on by another person,
- the trade or part mentioned in paragraph (b) becomes a “ transferred trade ” when it is transferred as mentioned in paragraph (a).
- (6) The cases within subsection (5)(a)—
- (a) include the case where the trade is transferred to a company within subsection (5)(a)(ii), or a partnership of which such a company is a member, before the company became a 51% subsidiary of the social enterprise, but
 - (b) where a company within subsection (5)(a)(ii) is not a 51% subsidiary of the social enterprise at the material date, do not include the case where the trade is transferred to that company, or a partnership of which that company is a member, after that company last ceased to be such a subsidiary.
- (7) In this section—
- “the material date” means the date on which the investment is made;
- “relevant investment” has the meaning given by section 173A(3) (reading references in section 173A(3) to a company as including any social enterprise).
- (8) Section 173A(4) and (5) apply to determine for the purposes of this section when a relevant investment is made.
- (9) Section 173A(6) and (7) (meaning of “trade” etc) apply also for the purposes of this section.]]

Textual Amendments

- F1** Pt. 5B inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 11 para. 1](#)
- F2** Ss. 257MNA-257MNE and cross-heading inserted (with effect in accordance with Sch. 1 para. 14(1) (2) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 1 para. 6\(3\)](#)

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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):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)