



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 3

VCT APPROVALS

Giving of approval

276 Conditions relating to income

- (1) Subsections (2) and (3) apply in determining for the purposes of the nature of income condition and the income retention condition—
 - (a) the amount of a company's income, or
 - (b) the amount of income which a company derives from shares or securities.
- (2) The amounts to be brought into account under [^{F1}Part 5 of CTA 2009] in respect of the company's loan relationships are to be determined without reference to any debtor relationship of the company.
- (3) The excess of any relevant credits over any relevant debits is to be treated as income which the company derives from shares or securities.

In this subsection “relevant credits” and “relevant debits” are credits and debits brought into account by virtue of [^{F2}section 574 of CTA 2009 (non-trading credits and debits to be brought into account under Part 5 of that Act)].

- (4) The income retention condition does not apply as regards an accounting period if the amount which the company would be required to distribute in order to meet that condition is less than—
 - (a) £10,000, or

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (b) if the period is shorter than 12 months, a proportionately reduced amount.
- (5) The income retention condition does not apply as regards an accounting period if—
- (a) the company is required to retain income in respect of the period by virtue of a restriction imposed by law, and
 - (b) the amount of income which the company is so required to retain in respect of the period exceeds an amount equal to 15% of the income the company derives from shares or securities.
- (6) Subsection (5) does not apply if—
- (a) the amount of income the company retains in respect of the accounting period exceeds the amount of income it is required, by virtue of a restriction imposed by law, to retain in respect of the period, and
 - (b) the sum of the excess and any amount of income the company distributes in respect of the period is at least—
 - (i) £10,000, or
 - (ii) if the period is shorter than 12 months, a proportionately reduced amount.

Textual Amendments

- F1** Words in s. 276(2) substituted (retrospective to 1.4.2009) by [The Corporation Tax Act 2009 \(Amendment\) Order 2009 \(S.I. 2009/2860\)](#), arts. 1(2), **5**
- F2** Words in s. 276(3) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 701** (with [Sch. 2 Pts. 1, 2](#))

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

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.)