



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 4

QUALIFYING HOLDINGS

The requirements

293 The use of the money raised requirement

[^{F1}(1) The requirement of this section is that—

- (a) less than two years has passed since the trading time, or
- (b) at least two years has passed since the trading time and all of the money raised by the issue of the relevant holding has been employed wholly for the purposes of a relevant qualifying activity.]

^{F2}(2)

^{F2}(3)

^{F2}(4)

(5) In subsection (1) “the trading time” means whichever is applicable of the following—

- (a) in a case where the requirement of section 291 was met in relation to the time when the relevant holding was issued and the relevant qualifying activity falls within subsection (2) of that section, the time when the relevant holding was issued, and
- (b) in a case where that requirement was met in relation to that time and the relevant qualifying activity falls within subsection (3) of that section, the time

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](#)

when the condition in subsection (4)(a) of that section was met by a qualifying company beginning to carry on the intended trade.

[^{F3}(5ZA) Employing money raised by the issue of the relevant holding (whether on its own or together with other money) on the acquisition, directly or indirectly, of—

- (a) an interest in another company such that a company becomes a 51% subsidiary of the relevant company,
- (b) a further interest in a company which is a 51% subsidiary of the relevant company,
- (c) a trade,
- (d) intangible assets employed for the purposes of a trade, or
- (e) goodwill employed for the purposes of a trade,

does not amount to employing the money for the purposes of a relevant qualifying activity.

(5ZB) The Treasury may by regulations provide that subsection (5ZA) does not apply in relation to acquisitions of intangible assets which are of a description specified, or which occur in circumstances specified, in the regulations.

(5ZC) For the purposes of subsections (5ZA) and (5ZB)—

“goodwill” has the same meaning as in Part 8 of CTA 2009 (see section 715(3));

“intangible assets” means any asset which falls to be treated as an intangible asset in accordance with generally accepted accountancy practice;

and section 280B(8) and (9) (meaning of “trade” etc) applies for the purposes of this section as it applies for the purposes of section 280B.

(5A) Also, otherwise employing money on the acquisition of shares in a company does not of itself amount to employing the money for the purposes of a relevant qualifying activity.]

(6) For the purposes of this section money is not to be treated as employed otherwise than wholly for the purposes of a relevant qualifying activity if the only amount employed for other purposes is an amount which is not a significant amount.

(7) Nothing in section 286(5) requires any money whose use is ignored by virtue of subsection (6) to be treated as raised by a different holding.

(8) In this section—

“qualifying activity” and “qualifying company” have the same meaning as in section 291, and

a qualifying activity is a “relevant qualifying activity” if—

- (a) it was also a qualifying activity at the time when the relevant holding was issued, or
- (b) it is a qualifying trade and preparing to carry it on was a qualifying activity at that time.

Textual Amendments

F1 S. 293(1) substituted (with effect in accordance with Sch. 8 para. 14 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 8 para. 9\(2\)](#)

F2 S. 293(2)-(4) omitted (with effect in accordance with Sch. 8 para. 14 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 8 para. 9\(3\)](#)

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](#)*

F3 S. 293(5ZA)-(5A) substituted for s. 293(5A) (with effect in accordance with Sch. 6 para. 23(3) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), **Sch. 6 para. 10**

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.)