

Budget 2015 – Changes to Venture Capital Schemes

Rule	EIS	VCT
Purpose of share issue – business growth and development	ITA 2007 s 174(1) amended by Schedule 1, paragraph 9.	ITA 2007 s 286(2)(c) amended by Schedule 1, paragraph 3(2).
First commercial sale – 12 years	ITA 2007 ss 175A, 183A. Schedule 1, paragraphs 10, 12.	ITA 2007 ss 294A, 294B. Schedule 1, paragraph 7.
Maximum number of employees	Increase from 249 to 499 for KICs only. ITA 2007 ss 180(ea), 186A, 186(3A). Schedule 1, paragraph 13.	Increase from 249 to 499 for KICs only. ITA 2007 ss 286(3)(ja), 297A, 297A(3A). Schedule 1, paragraph 8.
Lifetime limit £15m, but £20m for KICs	ITA 2007 ss 173AA, 173AB. Schedule 1, paragraph 7.	ITA 2007 ss 292AA, 292AB. Schedule 1, paragraph 5.
Knowledge Intensive Companies (“KICS”)	ITA 2007 s 252A. Schedule 1, paragraph 17.	ITA 2007 s 302B. Schedule 1, paragraph 10.
70% rule abolished – SEIS	ITA 2007 s 173B abolished by Schedule 1, paragraph 8.	ITA 2007 s 292B abolished by Schedule 1 paragraph 6.
EIS independence rule	New ITA 2007 ss 162(ba), 164A. amended by Schedule 1, paragraphs 2,3. See Explanatory Note 4.	

Note

There are two separate sets of draft legislation, one Schedule for changes to the EIS rules and the other for changes to the VCT rules. Although they are distinct, each Schedule is described as Schedule 1. When enacted in a future Finance Act, they will be renumbered accordingly.