

## SCHEDULE 10 Relief for Investment in Corporate Trades: Subsidiaries

Section 507.

FA84 Sch2; FA87 s12(2); FA91 s15(2)

Finance for trade of subsidiary

1. The shares issued by the qualifying company may, instead of or as well as being issued for the purpose mentioned in section 489 (1) (b), be issued for the purpose of raising money for a qualifying trade being carried on by a subsidiary or which such a subsidiary intends to carry on and, where shares are so issued, paragraph (b) of the definition of “relevant period” in section 488 (1) and subsections (1) (c), (7), (8) and (11) of section 489 shall apply as if references to the company were or, as the case may be, included references to the subsidiary.

Individuals qualifying for relief

2. (1) In subsections (2), (4) and (6) of section 493, references to a company (except in each subsection the first such reference) include references to a company which is during the relevant period a subsidiary of that company, whether it becomes a subsidiary before, during or after the year of assessment in respect of which the individual concerned claims relief and whether or not it is such a subsidiary while he or she is a partner, director or employee mentioned in subsection (2) of section 493 or while he or she has or is entitled to acquire such capital or voting power or rights as are mentioned in subsections (4) and (6) of that section.

(2) Without prejudice to section 493 as it applies in accordance with subparagraph (1), an individual shall be treated as connected with a company if—

(a) he or she has at any time in the relevant period had control ) of another company which has since that time and before the end of the relevant period become a subsidiary of the company, or

(b) he or she directly or indirectly possesses or is entitled to acquire any loan capital of a subsidiary of that company.

(3) Subsections (5) and (9) of section 493 shall apply for the purposes of this paragraph.

Value received

3. (1) In sections 499 (9) and 501 (5), references to the receipt of value from the company shall include references to the receipt of value from any company which during the relevant period is a subsidiary of the company, whether it becomes a subsidiary before or after the individual concerned receives any value from it, and references to the company in the other provisions of section 499 and in section 501 (8) shall be construed accordingly.

(2) In section 501 (1), references to the company (except the first such reference) shall include references to a company which during the relevant period is a subsidiary of the company, whether it becomes a subsidiary before or after the repayment, redemption, repurchase or payment referred to in that subsection.

#### Information

4. Subsections (4) and (5) of section 505 shall apply in relation to any arrangements mentioned in section 507 (2) (c) as they apply in relation to any arrangement mentioned in section 502.