

Corporate Venturing Scheme: Introduction to National Statistics

Background

1. The Corporate Venturing Scheme (CVS) is aimed at companies considering direct investment, in the form of a minority shareholding, in small independent higher-risk trading companies or groups of such companies. It provides tax incentives for corporate equity investment in the same types of companies as those qualifying under the Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) scheme. On the 31st of March 2010, the CVS's ten year period expired and it has not been renewed.
2. The main features of the CVS are that:
 - The incentives are available in respect of qualifying shares issued between 1 April 2000 and 31 March 2010.
 - There are rules applying to the investing company, the issuing company and the investment process.
 - A number of the rules must be satisfied throughout the 'qualification period' related to the shares.

Reliefs to Shareholders

3. The tax reliefs available to investors are:
 - **Investment relief** - relief against corporation tax of up to 20% of the amount subscribed for full-risk ordinary shares, provided that the shares are held throughout a qualification period
 - **Deferral relief** – deferral of tax on chargeable gains arising on the disposal of shares on which investment relief has been obtained and not withdrawn in full, if the gains are reinvested in new shares for which investment relief is obtained
 - **Loss relief** - relief against income for capital losses arising on most disposals of shares on which investment relief has been obtained and not withdrawn in full, net of the investment relief remaining after the disposal.

Key policy changes

4. There have been some key policy changes to the scheme since its inception that could be reflected in the statistics. Some of the key changes are:
 - **2006-07:** From 6 April 2006, the gross assets test was reduced to £7 million before investment and £8 million after (previously £15 million and £16 million respectively)

- **2007-08:** From 19 July 2007, companies must have raised no more than £2 million under any or all of the tax-based venture capital schemes (Venture Capital Trusts, Enterprise Investment Scheme and Corporate Venturing Scheme).
5. Further details on CVS scheme and policy changes can be found at: http://www.hmrc.gov.uk/guidance/cvs.htm#corporate_venturing

Description of the Statistical Table

6. **Table 8.10** - This table shows, by tax year, and in total: the number of companies that raised funds, the number of companies making those investments, and the sums raised/invested for years 2000-01 to 2009-10 inclusive. The published National Statistics table contains data obtained from CVS1 Compliance Statements submitted to HM Revenue & Customs (HMRC) by qualifying companies invested in by other companies under the scheme.

Enquiries

7. Statistical enquiries should be addressed to: Elizabeth Ojomo, VCT Statistics, KAI Direct Business Taxes, HM Revenue & Customs, Room 2/43, 100 Parliament Street, London, SW1A 2BQ. Tel: 020 7147 3102, <mailto:elizabeth.ojomo@hmrc.gsi.gov.uk>

For more general enquiries please refer to the HMRC website: www.hmrc.gov.uk

8. For all detailed enquiries relating to investing in a Corporate Venturing Scheme, please contact Small Company Enterprise Centre (SCEC), 1st Floor, Ferrers House, Castle Meadow Road, Nottingham, NG2 1BB. Telephone 0115 974 1250.