



# Finance Act 1988

## 1988 CHAPTER 39

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER II

#### UNAPPROVED EMPLOYEE SHARE SCHEMES

#### *Supplementary*

#### **88 Transitional provisions**

- (1) Section 138 of the Taxes Act 1988 and section 79 of the Finance Act 1972 shall not apply to an acquisition of shares, or of an interest in shares, made on or after 26th October 1987.
- (2) Where—
  - (a) tax is chargeable by virtue of section 138(1)(a) of the Taxes Act 1988 or section 79(4) of the Finance Act 1972 by reference to the market value, after 26th October 1987, of shares in a company which is not a dependent subsidiary on that date, and (b) that market value is greater than the market value of the shares on 26th October 1987,  
the amount on which tax is chargeable (and the question whether any tax is chargeable) shall be determined by reference to the market value on 26th October 1987 (and for this purpose “market value” has the same meaning as in section 138 of the Taxes Act 1988).
- (3) Subject to subsection (4) below, this Chapter, with the omission of sections 79 and 80, shall have effect where shares, or an interest in shares, in a company which is not a dependent subsidiary on 26th October 1987 have been acquired before that date as it has effect (apart from this section) where shares or an interest in shares are acquired on or after that date.

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*Status: This is the original version (as it was originally enacted).*

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- (4) In relation to shares which were, or an interest in which was, acquired before 26th October 1987 the removal or variation of a restriction to which the shares are subject shall not be a chargeable event for the purposes of section 78 above if, because of paragraph 7 of Schedule 8 to the Finance Act 1973, the restriction would not have been regarded as one to which the shares were subject for the purposes of section 79(2)(c) of the Finance Act 1972.