

*These notes refer to the Income Tax (Earnings and Pensions)  
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

# **INCOME TAX (EARNINGS AND PENSIONS) ACT 2003**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### ***Example 3***

***Ne = £5,000; Da = 183; De = 183; Smg = 0***

#### **Part 7: Employment income: share-related income and exemptions**

##### **The charges to tax**

##### ***Section 504: Charge on cancellation payments in respect of partnership share agreement***

2056. This section is the last of three that impose tax charges connected with the holding of shares. The section imposes a charge to income tax if an individual receives any money in respect of the cancellation of a partnership share agreement.
2057. This section derives from paragraph 85 of Schedule 8 to FA 2000; but the wording of this section differs very substantially from the wording of that paragraph.
2058. As in the case of other sections in this Chapter, the year that is “the relevant tax year” is specified. The point at which the tax charge arises is not specified in Schedule 8 to FA 2000; but the point has been dealt with explicitly in *subsection (3)*. See *Note 3(B)* in Annex 2.