

*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

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

Overview

Section 554: Attribution of further interest in company

2234. This section sets out in that in certain circumstances the individual (or an associate of the individual) is treated as owning, not only the “appropriate percentage” of the company’s ordinary share capital determined under section 552 but an additional percentage as well. It derives from paragraph 7(11) of Schedule 8 to ICTA.
2235. The “appropriate percentage” may be increased if the individual (or associate) receives payments from other trusts that own shares in the company. This section sets out in what circumstances the appropriate percentage may be so increased, and how to work out the total percentage of the company’s share capital that the individual (or associate) is treated as owning.
2236. *Subsection (3)* sets out material that has no precise counterpart in ICTA; but its inclusion in this Act should make the legislation clearer.