



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 1

INTRODUCTION

417 Scope of Part 7

- (1) This Part contains special rules relating to directors or employees who acquire—
 - (a) shares in companies, or
 - (b) options relating to such shares,in connection with their office or employment.
- (2) The rules are contained in—
 - Chapter 2 (conditional interests in shares),
 - Chapter 3 (convertible shares),
 - Chapter 4 (post-acquisition benefits from shares),
 - Chapter 5 (share options),
 - Chapter 6 (approved share incentive plans),
 - Chapter 7 (approved SAYE option schemes),
 - Chapter 8 (approved CSOP schemes),
 - Chapter 9 (enterprise management incentives), and
 - Chapter 10 (priority share allocations).
- (3) The following make provision for amounts to count as employment income of directors or employees—

Status: This is the original version (as it was originally enacted).

Chapters 2 to 6, and
Chapter 8.

- (4) The following make provision for exemptions and reliefs from income tax—
Chapter 2, and
Chapters 5 to 10.
- (5) Chapter 11 contains supplementary provisions relating to employee benefit trusts.

418 Other provisions about share-related income and exemptions

- (1) The following provisions of this Act also deal with share-related income and exemptions—
Chapter 8 of Part 3 (taxable benefits: notional loans in respect of acquisitions of shares),
Chapter 9 of Part 3 (taxable benefits: disposals of shares for more than market value), and
Part 7 of Schedule 7 (transitional provisions relating to share-related income).
- (2) In addition, share-related income may fall within—
(a) Chapter 1 of Part 3 (earnings), or
(b) Chapter 10 of Part 3 (taxable benefits: residual liability to charge).
- (3) In view of section 49 of FA 2000 (phasing out of APS schemes) the following are not rewritten in this Act and continue in force unaffected by the repeals made by this Act—
section 186 of ICTA (APS schemes) and section 187 of that Act (interpretation) so far as relating to APS schemes,
Schedule 9 to ICTA (approval of share schemes) so far as relating to APS schemes and Schedule 10 to that Act (further provisions about APS schemes).
“APS schemes” means profit sharing schemes approved under Schedule 9 to ICTA.
- (4) Sections 138 to 140 of ICTA (share acquisitions by directors and employees) continue to apply in relation to shares or interests in shares acquired before 26th October 1987 (see paragraph 57 of Schedule 7).

419 Duties to provide information

- (1) The following contain duties to supply information about the acquisition of shares or interests in shares by directors or employees—
section 432 (provision of conditional interest in shares),
section 465 (general duty to notify acquisition of shares or interests in shares by employees or directors).
- (2) The following contain duties to supply information about other matters that may result in amounts counting as employment income of directors or employees—
section 433 (events resulting in charge under section 427),
section 445 (conversion of shares),
section 466 (chargeable events and receipt of chargeable benefits).
- (3) Section 486 contains a duty to provide information about the grant of share options and other matters relating to them.

- (4) Paragraph 52 of Schedule 5 (enterprise management incentives) contains a duty to deliver annual returns where a company's shares are subject to a qualifying option within the meaning of that Schedule.

420 Negative amounts treated as nil

- (1) This section applies if the result given by any formula under any provision of this Part would otherwise be a negative amount.
- (2) The result is to be taken to be nil instead.

421 Application of Part 7 to office-holders

- (1) As indicated in section 417, this Part contains provisions relating to directors as well as employees.
- (2) But section 5(1) (application of employment income Parts to office-holders generally) does not apply to any of the provisions of this Part.
- (3) This is subject to section 549(5) (application of Chapter 11 of this Part).