



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 7

#### EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

### CHAPTER 7

#### APPROVED SAYE OPTION SCHEMES

#### *Introduction*

#### **516 Approved SAYE option schemes**

- (1) This Chapter provides—
  - (a) for the approval of SAYE option schemes by the Inland Revenue, and
  - (b) for exemptions from income tax in connection with share options granted under those schemes.
- (2) Schedule 3 contains the requirements that have to be met for an SAYE option scheme to be approved, together with the approval procedure.
- (3) The provisions of—
  - (a) this and the following sections of this Chapter,
  - (b) Schedule 3, and
  - (c) Part 2 of Schedule 7D to TCGA 1992 (approved SAYE option schemes: amount of consideration on exercise of option),together constitute “the SAYE code”.
- (4) In the SAYE code—

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*Status: This is the original version (as it was originally enacted).*

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“approved” means approved by the Inland Revenue under Schedule 3 (see paragraph 1 of the Schedule);

“SAYE option scheme” means a scheme (commonly referred to as an SAYE share option scheme) which is established by a company and provides—

- (a) for share options to be granted to employees and directors, and
- (b) for the shares acquired by the exercise of the share options to be paid for in the way mentioned in paragraph 24 of Schedule 3 (payments for shares to be linked to approved savings schemes);

“share option” means a right to acquire shares in a company;

“shares” includes stock.

- (5) Other expressions used in the SAYE code and contained in the index at the end of Schedule 3 have the meaning indicated by the index.

### **517 Share options to which this Chapter applies**

- (1) This Chapter applies to a share option granted to an individual—
  - (a) in accordance with the provisions of an approved SAYE option scheme, and
  - (b) by reason of the individual’s office or employment as a director or employee of a company.
- (2) The individual may be a director or employee of the company whose shares are the subject of the share option, or of some other company.