



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 9

TAXABLE BENEFITS: DISPOSALS OF SHARES FOR MORE THAN MARKET VALUE

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- (1) This section applies if—
 - (a) employment-related shares are disposed of so that neither the employee nor any person connected with the employee any longer has a beneficial interest in them, and
 - (b) the disposal is for a consideration which exceeds the market value of the employment-related shares at the time of the disposal.
- (2) But this section does not apply if the disposal occurs after the death of the employee.
- (3) The amount given by the following formula is to be treated as earnings from the employee's employment for the tax year in which the disposal occurs—

$$CD - MV$$

where—

CD is the amount or value of the consideration for the disposal, and
MV is the market value of the employment-related shares at the time of the disposal.

- (4) But if—

Status: *This is the original version (as it was originally enacted).*

- (a) the employment has terminated or become an excluded employment before the disposal, and
- (b) at the time of the acquisition of the employment-related shares the employee held, or was about to hold, the employment and it was not an excluded employment,

this section applies as if the employment had not terminated or become an excluded employment.

- (5) If the employment-related shares consist of an interest in shares, the references in this section to the market value of the employment-related shares are to the proportion corresponding to the size of the interest of the market value of the shares in which the interest subsists.