



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 2

CONDITIONAL INTERESTS IN SHARES

Introduction

423 Interests in shares acquired “as a director or employee”

- (1) For the purposes of this Chapter a person (“E”) acquires an interest in shares “as a director or employee” of a company if E acquires the interest in pursuance of—
 - (a) a right conferred on, or opportunity offered to, E by reason of E’s office or employment as a director or employee of the company;
 - (b) a right or opportunity assigned to E, having been conferred on or offered to some other person by reason of E’s office or employment as a director or employee of the company; or
 - (c) an assignment, the interest having been acquired by some other person by reason of E’s office or employment as a director or employee of the company.
- (2) The references in subsection (1) to a right or opportunity conferred or offered by reason of E’s office or employment include—
 - (a) one so conferred or offered after E has ceased to hold the office or employment, and
 - (b) one that arises from the fact that shares—

Status: This is the original version (as it was originally enacted).

- (i) which E acquired as a director or employee (or is treated as so acquiring by virtue of this paragraph), or
 - (ii) in which E so acquired an interest,were convertible shares.
- (3) A person who—
 - (a) has acquired an interest in shares which is only conditional, convertible shares or an interest in convertible shares,
 - (b) acquired that interest or those shares as a director or employee of a company, or is treated by virtue of this subsection as having done so, and
 - (c) as a result of any two or more transactions—
 - (i) ceases to be entitled to that interest or those shares, and
 - (ii) becomes entitled to another interest in shares which is only conditional or to any convertible shares or to an interest in convertible shares,is to be treated for the purposes of this Chapter as if the interest or shares mentioned in paragraph (c)(ii) were also acquired as a director or employee of the company.
- (4) Subsection (3) also applies where the interest or shares mentioned in subsection (3)(c)(ii) were acquired by a person connected with the first-mentioned person.
- (5) Nothing in subsection (3) or (4) affects the rights or opportunities included by virtue of subsection (2)(b).
- (6) In this section “convertible shares” has the same meaning as in Chapter 3 of this Part (convertible shares) (see section 435(2) and the definition of shares in section 446(1)).