



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 7

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

### CHAPTER 4

#### POST-ACQUISITION BENEFITS FROM SHARES

##### *Tax charge on increase in value of shares of dependent subsidiaries*

#### **455** Amount of charge

- (1) The taxable amount for the purposes of section 453 (charge on increase in value of shares of dependent subsidiary) is—

$$I - DA$$

where—

I is the amount of the chargeable increase in value of the shares, and

DA is the total of any deductible amounts.

This is subject to subsections (3) and (4).

- (2) For the purposes of subsection (1)—
- if the consideration for the acquisition is subsequently increased in accordance with the terms on which the acquisition was made, the amount of that increase is a “deductible amount”;
  - if, before the time by reference to which the chargeable increase is determined, an event occurs in respect of the shares by virtue of which an amount counts as employment income of the employee under—

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*Status: This is the original version (as it was originally enacted).*

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- (i) Chapter 2 of this Part (conditional interests in shares), or
  - (ii) Chapter 3 of this Part (convertible shares),
- that amount is a “deductible amount”.
- (3) If, in accordance with the terms on which the acquisition was made, the employee subsequently ceases to have a beneficial interest in the shares as the result of a disposal made for a consideration which is less than the value of the shares or the employee’s interest in them at the time of the disposal, the amount “I” in subsection (1) is—
- (a) if the disposal is within section 454(3)(b), an amount equal to the excess of that consideration over the value of the shares or interest at the time of the acquisition, or
  - (b) if the disposal is within section 454(5)(b), an amount equal to the excess of that consideration over the value of the shares or interest at the time of the company becoming a dependent subsidiary.
- (4) If the interest of the employee is less than full beneficial ownership, the amount “I” in subsection (1) is an appropriate proportion of the amount that it would be apart from this subsection.