



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 7

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

### CHAPTER 6

#### APPROVED SHARE INCENTIVE PLANS

#### *Charges connected with holding of shares*

#### **501 Charge on capital receipts in respect of plan shares**

- (1) This section applies if conditions A and B are met.
- (2) Condition A is that a capital receipt is received by a participant in respect of, or by reference to, any of the participant's plan shares.
- (3) Condition B is that the plan shares in respect of, or by reference to, which the capital receipt is received are—
  - (a) free, matching or partnership shares that were awarded to the participant less than 5 years before the participant received the capital receipt, or
  - (b) dividend shares that were acquired on behalf of the participant less than 3 years before the participant received the capital receipt.
- (4) If this section applies, the amount or value of the capital receipt counts as employment income of the participant for the relevant tax year.
- (5) The "relevant tax year" is the tax year in which the participant receives the capital receipt.

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**Status:** *This is the original version (as it was originally enacted).*

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- (6) This section does not apply if the capital receipt is received by the participant's personal representatives after the death of the participant.
- (7) Section 502 explains what is meant by a "capital receipt".