



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 8

APPROVED CSOP SCHEMES

Tax advantages

524 No charge in respect of receipt of option

- (1) No liability to income tax arises in respect of the exercise of the share option if—
 - (a) the individual exercises it in accordance with the provisions of the CSOP scheme at a time when the scheme is approved, and
 - (b) the condition in subsection (2) is met.
- (2) The condition is that—
 - (a) the option (“the current option”) is exercised—
 - (i) on or after the third anniversary of the date on which it was granted, but
 - (ii) not later than the tenth anniversary of that date, and
 - (b) the individual has not made an exempt exercise of another option within the period of 3 years ending with the date on which the current option is exercised.
- (3) For the purposes of subsection (2)—
 - (a) an individual has made an exempt exercise of another option if the individual has exercised a share option granted under the scheme, or under any other

Status: *This is the original version (as it was originally enacted).*

approved CSOP scheme, in circumstances in which subsection (1) applied to its exercise, and

(b) an option exercised on the same day as the current option is to be disregarded.

(4) This section does not affect the operation of section 477(4) (no charge on exercise of option by personal representatives etc.).

(5) Paragraph 25 of Schedule 4 provides for the exercise of an option where the holder has died.