



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

[^{F1}EMPLOYMENT INCOME: INCOME AND EXEMPTIONS RELATING TO SECURITIES]

CHAPTER 9

ENTERPRISE MANAGEMENT INCENTIVES

Tax advantages: exercise of option

531 Limitation of charge on exercise of option to acquire shares below market value

- (1) This section applies if the option is to acquire shares at less than their market value—
 - (a) at the time when the option is granted, or
 - (b) if it is a replacement option, at the time when the original option was granted, or at nil cost.
- (2) If this section applies, the section 476 gain is—

$$\text{CMV} - (\text{ACO} + \text{ACS})$$

where—

CMV is the chargeable market value,

ACO is the amount or value of the consideration given for the grant of the option, and

ACS is the amount, if any, for which the shares are acquired.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 531. (See end of Document for details)

- (3) “The chargeable market value” means—
- (a) the market value of the shares—
 - (i) at the time when the option was granted, or
 - (ii) if it is a replacement option, at the time when the original option was granted, or
 - (b) the market value of the shares at the time when the option is exercised, whichever is lower.

^{F2}(3A)

- (4) In this section “the section 476 gain” means the amount [^{F3}under section 478 (amount of charge under section 476) is to be regarded as the taxable amount for the purposes of section 476 in respect of the acquisition of the shares pursuant to the option.]
- (5) This section has effect subject to section 532 (modified tax consequences following disqualifying events).

Textual Amendments

F2 S. 531(3A) omitted (with effect in accordance with s. 12(5)-(7) of the amending Act) by virtue of Finance Act 2017 (c. 10), s. 12(3)(b)

F3 Words in s. 531(4) substituted (1.9.2003) by Finance Act 2003 (c. 14), Sch. 22 para. 37(1)(2); S.I. 2003/1997, art. 2

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 531.