



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 9

ENTERPRISE MANAGEMENT INCENTIVES

Tax advantages where disqualifying events

535 Disqualifying events relating to employee

- (1) The following events relating to the employee are disqualifying events in relation to a qualifying option—
 - (a) when the employee ceases to be an eligible employee in relation to the relevant company as a result of ceasing to meet the requirement in paragraph 25 of Schedule 5 (the employment requirement);
 - (b) when the employee ceases to be such an employee as a result of ceasing to meet the requirement in paragraph 26 of that Schedule (the requirement as to commitment of working time).
- (2) In addition, a disqualifying event is to be treated as occurring in relation to a qualifying option at the end of any tax year if, during that year, the average amount per week of the employee's reckonable time in relevant employment was less than the statutory threshold.
- (3) An employee's "reckonable time in relevant employment" means the time which the employee in fact spent, as an employee in relevant employment—
 - (a) on the business of the relevant company, or

Status: This is the original version (as it was originally enacted).

- (b) if that company is a parent company, on the business of the group, together with any time which the employee would, as such an employee, have spent on that business but for any of the reasons set out in paragraph 26(3)(a) to (d) of Schedule 5 (requirement as to commitment of working time).
- (4) The “statutory threshold” means—
 - (a) 25 hours, or
 - (b) if less, 75% of the employee’s working time.
- (5) For the purpose of applying subsection (2) to the tax year in which the option was granted, any part of that year which preceded the date on which it was granted is to be disregarded in calculating the average amount mentioned in that subsection.
- (6) In this section—
 - (a) “relevant employment” means employment—
 - (i) by the relevant company, or
 - (ii) if that company is a parent company, by any member of the group;
 - (b) “working time” has the meaning given by paragraph 27 of Schedule 5 (meaning of “working time”).