



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 11

PAY AS YOU EARN

CHAPTER 4

PAYE: SPECIAL TYPES OF INCOME

Income provided in other ways

699 PAYE: conversion of shares

- (1) This section applies if—
 - (a) at a time when the employee has a beneficial interest in them, shares are converted into shares of a different class as a result of an entitlement to convert them which has been conferred on the holder, and
 - (b) as a result, an amount is chargeable on any person (“the relevant person”) by virtue of section 438(1).
- (2) This section also applies if—
 - (a) an event occurs which is treated for the purposes of section 438 (charge on conversion of shares) as an event falling within subsection (1) of that section by virtue of section 444 (conversion in consequence of death); and
 - (b) as a result, an amount is chargeable on any person (“the relevant person”) by virtue of section 438(1).
- (3) If this section applies, sections 684 to 691 and 696 have effect as if, in addition to the original provision to the relevant person of the convertible shares, the shares into

Status: This is the original version (as it was originally enacted).

which they were converted were also provided to the relevant person at the time of the event in question.

- (4) Subsection (3) applies in a case where the convertible shares were themselves acquired—
- (a) by means of a taxable conversion (as defined in section 439(6)), or
 - (b) by means of a series of such conversions,
- as if the reference to the original provision of the convertible shares were a reference to the provision of the shares which were converted by the earlier or earliest conversion.
- (5) Section 696 as applied by subsection (3) has effect as if the reference in subsection (2) of that section to the amount of income likely to be PAYE income in respect of the provision of the asset were a reference to the amount on which tax is likely to be chargeable by virtue of Chapter 3 of Part 7 (convertible shares) in respect of the event in question.
- (6) Expressions used in this section and any provisions of Chapter 3 of Part 7 have the same meanings in this section as in those provisions.