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## SCHEDULES

### SCHEDULE 22

#### EMPLOYEE SECURITIES AND OPTIONS

##### *Consequential amendments of other enactments*

- 47 (1) In section 98 of the Taxes Management Act 1970 (c. 9) (penalties for failure to furnish information etc)—
- (a) in the first column of the Table, at the appropriate place insert “ Section 421J(4) of ITEPA 2003. ”, and
  - (b) in the second column of the Table, for the entries relating to sections 432, 433, 445, 465, 466 and 486 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) substitute “ Section 421J(3) of ITEPA 2003. ”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 1 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003.
- 48 (1) In section 4(4)(a) of—
- (a) the Social Security Contributions and Benefits Act 1992 (c. 4) (payments treated as earnings), and
  - (b) the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (corresponding provision for Northern Ireland),
- for the words after “479” substitute “ of ITEPA 2003 in respect of which an amount counts as employment income of the earner under section 476 of that Act (charge on acquisition of securities pursuant to option etc), reduced by any amounts deducted under section 480(1) to (6) of that Act in arriving at the amount counting as such employment income; ”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 5 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003.
- 49 The Taxation of Chargeable Gains Act 1992 (c. 12) is amended as follows.
- 50 (1) After section 119 insert—

##### **“119A Increase in expenditure by reference to tax charged in relation to employment-related securities**

- (1) This section applies to a disposal of an asset consisting of employment-related securities if the disposal—
- (a) is an event giving rise to a relevant income tax charge, or
  - (b) is the first disposal after an event, other than a disposal, giving rise to a relevant income tax charge.

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- (2) Section 38(1)(a) applies as if the relevant amount had formed part of the consideration given by the person making the disposal for his acquisition of the employment-related securities.
- (3) For the purposes of this section an event gives rise to a relevant income tax charge if it results in an amount counting as employment income—
- (a) under section 426 of ITEPA 2003 (restricted securities),
  - (b) under section 438 of ITEPA 2003 by virtue of section 439(3)(a) of that Act (conversion of convertible securities),
  - (c) under section 446U of ITEPA 2003 (securities acquired for less than market value: discharge of notional loan), or
  - (d) under section 476 of ITEPA 2003 by virtue of section 477(3)(a) of that Act (acquisition of securities pursuant to employment-related securities option),
- in respect of the employment-related securities.
- (4) For the purposes of this section “the relevant amount” is the aggregate of the amounts counting as employment income as mentioned in subsection (3) above by reason of events occurring—
- (a) not later than the disposal, and
  - (b) where this section has applied to an earlier disposal of the employment-related securities, after the last disposal to which this section applied.
- (5) But where the relevant amount consists of or includes an amount counting as employment income under section 476 of ITEPA 2003, it is to be increased by the aggregate of any amounts deducted under section 480(5)(a) or (b), 481 or 482 of that Act in arriving at the amount of that employment income.
- (6) Where securities or interests in securities cease to be employment-related securities—
- (a) by reason of subsection (6) of section 421B of ITEPA 2003 in circumstances in which, immediately before the employee’s death, the employment-related securities are held otherwise than by the employee, or
  - (b) by reason of subsection (7) of that section,
- they are to be regarded for the purposes of this section as remaining employment-related securities until the next occasion on which they are disposed of.
- (7) In this section—
- “employment-related securities”, and  
“employee”, in relation to employment-related securities,  
have the same meaning as in Chapters 1 to 4 of Part 7 of ITEPA 2003.
- (8) References in this section to ITEPA 2003 are to that Act as amended by Schedule 22 to the Finance Act 2003.”
- (2) Sub-paragraph (1) has effect in relation to disposals on or after 16th April 2003.
- 51 In section 120 (increase in expenditure by reference to tax charged in relation to shares etc), after subsection (8) insert—

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“(9) References in this section to ITEPA 2003 are to that Act as originally enacted.”.

52 (1) After section 149A insert—

**“149AA Restricted and convertible employment-related securities**

(1) Where an individual has acquired an asset consisting of employment-related securities which are—

- (a) restricted securities or a restricted interest in securities, or
- (b) convertible securities or an interest in convertible securities,

the consideration for the acquisition shall (subject to section 119A) be taken to be equal to the aggregate of the actual amount or value given for the employment-related securities and any amount that constituted earnings under Chapter 1 of Part 3 of ITEPA 2003 (earnings) in respect of the acquisition.

(2) Subsection (1) above applies only to the individual making the acquisition and, accordingly, is to be disregarded in calculating the consideration received by the person from whom the employment-related securities are acquired.

(3) This section has effect in relation to acquisitions on or after the day appointed under paragraph 3(2) of Schedule 22 to the Finance Act 2003.

(4) In this section “employment-related securities” has the same meaning as in Chapters 1 to 4 of Part 7 of ITEPA 2003 (as substituted by Schedule 22 to the Finance Act 2003).

(5) In this section—

“restricted interest in securities”, and  
“restricted securities”,

have the same meaning as in Chapter 2 of that Part of ITEPA 2003 (as so substituted).

(6) In this section “convertible securities” has the same meaning as in Chapter 3 of that Part of ITEPA 2003 (as so substituted).”.

53 In section 149B (employee incentive schemes: conditional interests in shares), after subsection (4) insert—

“(5) This section does not apply to acquisitions on or after the day appointed under paragraph 3(2) of Schedule 22 to the Finance Act 2003.

(6) References in this section to ITEPA 2003 are to that Act as originally enacted.”.

54 (1) In section 288 (interpretation), after subsection (1) insert—

“(1A) If any employment-related securities option would not otherwise be regarded as an option for the purposes of this Act, it shall be so regarded; and the acquisition of securities by an associated person pursuant to an employment-related securities option is to be treated for the purposes of this Act as the exercise of the option.

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Expressions used in this subsection and Chapter 5 of Part 7 of ITEPA 2003 have the same meaning in this subsection as in that Chapter.”.

(2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 5 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1).

55 (1) The Social Security Contributions (Share Options) Act 2001 (c. 20) is amended as follows.

(2) The amendments of that Act have effect on and after the day appointed under paragraph 3(2).

56 In section 2(3)(b) (effect of notice under section 1), insert at the end “ (less any deductible amounts under section 480(1) to (6) of that Act). ”.

57 (1) Section 3 (special provision for roll-overs) is amended as follows.

(2) In subsection (4)—

(a) in paragraph (a), for “section 485(1) to (4)” substitute “ section 483(1) to (4) ”, and

(b) insert at the end of paragraph (b)(i) “ (less any deductible amounts under section 480(1) to (6) of that Act). ”.

(3) In subsection (6), for “485(1) to (3)” substitute “ 483(1) to (3) ”.

(4) In subsection (11)(a), insert at the end “ (less any deductible amounts under section 480(1) to (6)); ”.

58 In section 5(2)(c) (interpretation), for “483(1)” substitute “ 477(6) ”.

F159 .....

**Textual Amendments**  
F1 Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F160 .....

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F1 Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F161 .....

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F162 .....

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**Changes and effects yet to be applied to :**

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 57(3) inserted by [2011 c. 11 Sch. 22 para. 4](#)
- s. 87(3)(a)(ia) inserted by [S.I. 2003/2760 Sch. para. 3\(4\)\(a\)](#) (This amendment not applied to [legislation.gov.uk](#). The affecting S.I. is revoked and superseded by [S.I. 2003/2816](#))
- Sch. 12 para. 3(2)(aa) inserted by [2007 asp 3 Sch. 5 para. 32](#) (This effect was superseded by the repeal of Sch. 12 para. 3 by Finance Act 2008 (c. 9), s. 129(4), Sch. 43 para. 16)
- Sch. 12 para. 1A inserted by [2007 c. 15 Sch. 13 para. 147\(2\)](#) (The amending provision was repealed before coming into force.)
- Sch. 12 para. 1A omitted by [2008 c. 9 Sch. 43 para. 9](#) (The amending provision was repealed before coming into force.)