

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 12: Other relief for employee share acquisitions

Overview

2582. This Part and Part 11 give specific statutory deductions for various costs associated with setting up and operating employee share schemes. These are arrangements under which employers provide incentives for their employees in the form of shares. This Part is based on Schedule 23 to FA 2003.
2583. The relief given is available to companies carrying on all types of business. There are no requirements as to how the company funds or structures the arrangements. It applies to shares that are newly issued, acquired in the market or acquired by private purchase. It applies to formal plans operated through trusts and to informal arrangements.
2584. Although the Part gives relief to a company, usually the employing company, in calculating its corporation tax profits the availability and the amount of the relief are closely related to the income tax position of the employee. Because of the links to employment income this Part makes frequent reference to provisions in ITEPA.

Chapter 1: Introduction

Section 1001: Overview of Part

2585. This section gives an overview of the Part. It is new.

Section 1002: “Employment”

2586. This section gives the meaning of “employment” for the purposes of the Part. It is based on paragraph 26 of Schedule 23 to FA 2003.

Section 1003: “Shares” etc

2587. This section gives the meaning of “shares” for the purposes of the Part. It is based on paragraphs 10, 17, 22, 22D and 30 of Schedule 23 to FA 2003.
2588. The test in *subsection (2)*, which determines when the shares are acquired, is identical to that in section 477(4) of ITEPA. This correlation is important as that section determines the income tax position of the employee for the purposes of section 1017.

Section 1004: Groups, consortiums and commercial associations of companies

2589. This section gives various definitions that apply when considering employee share acquisitions within a group of companies. It is based on paragraphs 23, 28 and 29 of Schedule 23 to FA 2003.

2590. Any group company that owns shares in the consortium company is treated as a member of the consortium. But a member of a group of companies is not part of the consortium simply because another member of the group holds shares in the consortium company.

Section 1005: Other definitions

2591. This section gives various definitions used for the purposes of the Part. It is based on paragraph 30 of Schedule 23 to FA 2003.
2592. “Convertible securities” has the same meaning as that in section 436 of ITEPA.
2593. “Restricted shares” means shares that are restricted securities or a restricted interest in securities for the purposes of Chapter 2 of Part 7 of ITEPA. These terms are defined in section 423 of ITEPA.

Chapter 2: Relief if shares acquired by employee or other person

Overview

2594. This Chapter gives relief for an acquisition of shares. It is based on Part 2 of Schedule 23 to FA 2003. The source legislation describes the process by which the shares are acquired as an award of the shares. For the purposes of Schedule 23 it means any acquisition of shares that does not require the exercise of a right to make the acquisition. Relief for shares acquired through the exercise of an option is given by Part 3 of Schedule 23 to FA 2003, rewritten as Chapter 3 of this Part.
2595. This Chapter refers merely to shares being acquired by the employee or another person. The boundary between this Chapter and Chapter 3 is created by section 1007(1)(e). This prevents relief being given under both Chapters and gives priority to Chapter 3.
2596. This Chapter applies to the acquisition of all types of shares including restricted shares and convertible shares. This is a different structure from that in the source legislation. In the source legislation the application of Part 2 of Schedule 23 is modified to deal with restricted shares and convertible shares. In this Chapter, and Chapter 3, the conditions to qualify for relief and the amount of the relief are set out in full. Chapters 4 and 5 then give additional relief for future events that affect restricted shares and convertible shares after they have been acquired.

Section 1006: Overview of Chapter

2597. This section gives an overview of the Chapter. It is new.

Section 1007: Basic requirements for relief under Chapter 2

2598. This section sets out the basic requirements for relief under this Chapter. It is based on paragraphs 1 and 3 of Schedule 23 to FA 2003.

Section 1008: Conditions relating to shares acquired

2599. This section identifies the type of shares that have to be acquired. It is based on paragraphs 4 and 6 of Schedule 23 to FA 2003.

Section 1009: Conditions relating to employee’s income tax position

2600. This section gives the conditions that must be met in relation to the employee’s income tax position. It is based on paragraphs 7 and 20 of Schedule 23 to FA 2003.
2601. The “employee” is the person defined in section 1007(1)(a) as the person in respect of whose employment the shares are acquired.

2602. *Subsection (1)* deals with the acquisition of shares other than restricted shares. So it applies to the acquisition of convertible shares. The acquisition of the shares has to result in an income tax charge on the employee.
2603. Relief is not given if section 446UA of ITEPA applies to the shares. That provision applies to shares acquired for less than their market value under arrangements that seek to avoid the income tax charge or the national insurance contribution on the employment income.
2604. *Subsection (2)* applies if the shares are restricted shares.
2605. Relief will be available in two circumstances.
2606. First, if as a result of the acquisition there is an employment income tax charge on earnings as defined in Chapter 1 of Part 3 of ITEPA. This is a charge on the money's worth of the shares. The test is met at the time of acquisition.
2607. Second, if on acquisition there is no immediate employment income tax charge, but there will be such a charge if there occurs later a chargeable event in respect of the shares. The test is met at the time of acquisition. The company does not have to suspend its claim until that later event actually occurs. It is sufficient that on acquisition the circumstances are such that it appears that the employee will become subject to a charge under section 426 of ITEPA. One reason why there may be no immediate income tax charge is if the shares are forfeitable and the exemption in section 425(2) of ITEPA applies.
2608. The events that trigger a later charge are listed in section 427(3) of ITEPA. They include, for example, a lifting of the restrictions at a time when the recipient of the shares or an associated person still owns the shares. (The definition of associated person for the purposes of section 427 of ITEPA is in section 421C(1) of ITEPA and includes the person who acquired the shares.)
2609. This section does not rewrite paragraph 20(3) of Schedule 23 to FA 2003. Paragraph 20(3) provides that the test in paragraph 20(2)(a)(ii) of Schedule 23 to FA 2003 is applied on the assumption that section 426 of ITEPA continues to apply after the employee dies. Paragraph 20(2)(a)(ii) of Schedule 23 to FA 2003 is rewritten as subsection (2)(b).
2610. Paragraph 20(3) of Schedule 23 to FA 2003 is not necessary where the employee dies after acquiring shares but before becoming subject to a charge. This is because the test in paragraph 20(2)(a)(ii) of Schedule 23 to FA 2003 is applied to the circumstances existing on acquisition. It does not apply on the subsequent chargeable event (for example, the lifting of the restriction). Since the test has already been met on acquisition, it is not necessary to rely on paragraph 20(3) to provide for the case in which section 426 of ITEPA ceases to apply because of some future event. The fact that the employee dies before the restriction is lifted and the section 426 charge does not materialise is irrelevant for the purposes of the test in paragraph 20(2)(a)(ii).
2611. Paragraph 20(3) of Schedule 23 to FA 2003 cannot be relevant to a company's entitlement to relief under this Part where the employee dies before acquiring shares. If while alive the employee possesses a right to acquire shares then the employee possesses an option and corporation tax relief will be available under Chapter 3 of this Part. If while alive the employee does not enjoy a right to acquire shares and no shares are acquired by a person before the employee's death, but after the employee's death shares are acquired by a person, then for both practical and technical reasons corporation tax relief under this Part is not available. See also the commentary on section 1025.

Section 1010: Calculation of relief if shares are neither restricted nor convertible

2612. This section gives the amount of the relief if the shares are neither restricted nor convertible. It is based on paragraph 8 of Schedule 23 to FA 2003.

Section 1011: Calculation of relief if shares are restricted or convertible

2613. This section gives the amount of relief if the shares are restricted or convertible. It is based on paragraphs 21 and 22C of Schedule 23 to FA 2003.
2614. *Subsections (2) and (3)* give the basic rule that the relief is equal to the amount that counts as earnings of the employee from the employment in respect of which the shares were acquired. This is the money's worth charge in Chapter 1 of Part 3 of ITEPA. It will be equal to the market value of the shares.
2615. If the shares are restricted shares the valuation takes account of the restriction unless the employer and employee have made a joint election under section 431 of ITEPA that the shares are valued as if they were not restricted shares (section 431(1)), or as if particular restrictions did not apply (section 431(2)). Either election will give the employee a higher employment income charge on acquisition which is mirrored in greater relief being given to the employer. If an election under section 431(1) is made there will be no later employment income charge if the restrictions are lifted and no additional relief will be available to the employer under Chapter 4 of this Part.
2616. If the shares are convertible shares the basis of valuation in section 437(1) of ITEPA applies. The shares are valued as if they are not convertible. Instead of referring the reader to section 437(1), and rewriting the disapplication of section 437(2) in paragraph 22C(4A) of Schedule 23 to FA 2003, the full out words in subsection (3) state the valuation rule in section 437(1).
2617. There is a difference between subsections (2) and (3) which is not apparent from the text. This is that the calculation under subsection (2) is made by reference to Chapter 2 of Part 7 of ITEPA, while the calculation under subsection (3) is made by reference to Chapter 3 of that Part. In effect, different rules apply to the calculation under these two subsections. It is therefore possible that the calculations under these two subsections will yield different amounts.
2618. *Subsection (5)* rewrites the comparison in paragraphs 21(5) and 22C(5) of Schedule 23 to FA 2003 if the shares are both restricted and convertible. The company may claim relief for the higher figure (as yielded by subsection (2) or (3)) even if the employee has or will be chargeable to tax on a different amount in respect of the shares acquired.

Section 1012: Reduction in amount of relief

2619. This section restricts the relief if the shares are given partly for employment in a qualifying business and partly for employment in a business that does not qualify. It is based on paragraphs 8, 21 and 22C of Schedule 23 to FA 2003.

Section 1013: How the relief is given

2620. This section explains how the relief is given. It is based on paragraphs 9, 10, 22 and 22D of Schedule 23 to FA 2003.

Chapter 3: Relief if employee or other person obtains option to acquire shares

Overview

2621. The Chapter gives relief for the acquisition of shares "pursuant to an option". It is based on Part 3 of Schedule 23 to FA 2003. "Option" is defined in section 1005 to include "any right to acquire shares". This definition is based on the definition of "securities option" in section 420(8) of ITEPA. Using a similar definition of "option" relates the relief given to the employing company to the income tax charge on the employee.
2622. The definition is wider than the normal meaning of option as the shares may be acquired without the need to exercise any right. The Chapter follows the source legislation in describing this as the acquisition of shares "pursuant to an option". This is also to align

the language in this Chapter with that used in ITEPA. See, for example, section 477(3)(a) of ITEPA.

2623. Like Chapter 2 this Chapter gives relief for the acquisition of all types of share including restricted shares and convertible shares. The Chapter has rules to deal with a change in circumstances between the grant of the option and the acquisition of the shares (for example, the death of the employee or original option holder or a take-over of the employing company).

Section 1014: Overview of Chapter

2624. This section gives an overview of the Chapter. It is new.

Section 1015: Basic requirements for relief under Chapter 3

2625. This section sets out the basic requirements for relief under this Chapter. It is based on paragraphs 1, 3 and 27 of Schedule 23 to FA 2003.
2626. The requirements are very similar to those which apply to relief under Chapter 2. See section 1007.

Section 1016: Conditions relating to shares acquired

2627. This section identifies the type of shares that have to be acquired. It is based on paragraphs 4 and 12 of Schedule 23 to FA 2003.

Section 1017: Condition relating to employee's income tax position

2628. This section gives the conditions that must be met in relation to the employee's income tax position. It is based on paragraphs 14 and 27 of Schedule 23 to FA 2003.
2629. *Subsection (1)* gives the basic rule that the acquisition must be a chargeable event for the purposes of section 476 of ITEPA. Section 476(2) of ITEPA provides that "chargeable event" has the meaning given by section 477 of ITEPA. The list of chargeable events is given in section 477(3) of ITEPA.
2630. The only event relevant to this Chapter is section 477(3)(a) which applies to "the acquisition of securities pursuant to the employment-related securities option by an associated person". (The definition of "associated person" for the purposes of section 477 of ITEPA, in section 472(1) of ITEPA, includes the person who acquired the option.)
2631. The income tax condition is satisfied whether or not an amount counts as employment income as a result of the chargeable event. This covers the case in which the shares are acquired under an approved share option scheme under which there is no charge on the acquisition. For example, section 519 of ITEPA provides that no liability to income tax arises on the exercise of an option under an approved SAYE option scheme.

Section 1018: Calculation of relief if shares are neither restricted nor convertible

2632. This section gives the amount of the relief if the shares are neither restricted nor convertible. It is based on paragraph 15 of Schedule 23 to FA 2003.

Section 1019: Calculation of relief if shares are restricted or convertible

2633. This section gives the amount of the relief if the shares are restricted or convertible, where they are acquired pursuant to an option. It is based on paragraphs 21 and 22C of Schedule 23 to FA 2003.
2634. *Subsections (2)(a)* and *(3)(a)* give the basic rule. The relief is equal to the amount that counts as employment income under section 476 of ITEPA when the shares are acquired. The chargeable amount is given in section 478 of ITEPA. In broad terms it

is the market value of the shares at the time they are acquired (section 479 of ITEPA) less any consideration given for the shares and any expenses incurred on the acquisition (section 480 of ITEPA).

2635. *Subsections (2)(b) and (3)(b)* modify the basic rule if the option is a qualifying option under the EMI (Enterprise Management Incentives) code. The effect of that code is ignored in calculating the amount of the relief. The EMI code is defined in section 527(3) of ITEPA. A qualifying option is defined in section 527(4) of ITEPA.
2636. This modification is needed to deal with the interaction between sections 476 and 531 of ITEPA. Section 531 of ITEPA sets out how to calculate the amount that counts as employment income under section 476 of ITEPA if the option allows the shares to be acquired at a discount to their market value at the date the option is granted. The amount that counts as employment income is that market value less any consideration given for the option and any consideration given for the shares. This limits the employment income charge on the employee to the amount of the discount.
2637. *Subsections (2)(b) and (3)(b)* ensure that the company gets a deduction for the market value of the shares at the date they are acquired under the option less any consideration given for the shares and any expenses incurred on the acquisition.
2638. The full out words at the end of subsection (3) are similar to the full out words at the end of section 1011(3). If the shares are convertible shares they are valued on the basis that they are not convertible. This is the normal method of valuation that section 437(1) of ITEPA applies to such shares.
2639. There is a difference between subsections (2) and (3) which is not apparent from the text. This is that the calculation under subsection (2) is made by reference to Chapter 2 of Part 7 of ITEPA, while the calculation under subsection (3) is made by reference to Chapter 3 of that Part. In effect, different rules apply to the calculation under these two subsections. It is therefore possible that the calculations under these two subsections will yield different amounts.
2640. *Subsection (4)(a)* states the rule that, in calculating the amount of relief given to the company, no deduction is made for the relief given to the employee by sections 481 and 482 of ITEPA. These sections reduce the employment income charge by the amount of certain national insurance contributions paid by the employee.
2641. *Subsection (5)* rewrites the comparison in paragraphs 21(5) and 22C(5) of Schedule 23 to FA 2003 if the shares are both restricted and convertible. The company may claim relief for the higher figure (as yielded by subsection (2) or (3)) even if the employee has or will be chargeable to tax on a different amount in respect of the shares acquired.
2642. *Subsection (6)* deals with the case in which the employee dies before the shares are acquired so there is no employment income charge on which to calculate the relief. It is based on paragraph 27(1) of Schedule 23 to FA 2003.
2643. Strictly speaking paragraph 27(1) of Schedule 23 to FA 2003 deems the employee to be alive only for the purposes of the income tax condition in paragraph 14 of Schedule 23 to FA 2003. Subsection (6) extends that treatment to the calculation of the relief.

Section 1020: Reduction in amount of relief

2644. This section restricts the relief if the shares are given partly for employment in a qualifying business and partly for employment in a business that does not qualify. It is based on paragraphs 15, 21 and 22C of Schedule 23 to FA 2003.
2645. Its effect is identical to section 1012.

Section 1021: How the relief is given

2646. This section explains how the relief is given. It is based on paragraph 16 of Schedule 23 to FA 2003 and is identical to section 1013.

Section 1022: Takeover of company whose shares are subject to option

2647. This section gives relief if the company whose shares are to be acquired is taken over and the original option is exchanged for an option over shares in the new company. It is based on paragraph 13 of Schedule 23 to FA 2003.

Section 1023: Supplementary provision for purposes of section 1022

2648. This section gives the definitions needed for the purposes of section 1022. It is based on paragraph 13 of Schedule 23 to FA 2003.

2649. *Subsection (3)* defines a takeover in terms of one company acquiring control of another. The definition of “control” in section 840 of ICTA applies for this purpose. See section 1316.

Section 1024: Transfer of qualifying business by group transfers

2650. This section gives relief to a new employing company if the business carried on by the original employing company is transferred within a group of companies. It is based on paragraph 23 of Schedule 23 to FA 2003.

2651. The definition of group transfer is in section 1004(3).

2652. Paragraph 23(1)(a) of Schedule 23 to FA 2003 applies the rule rewritten in this section to an award of shares. The rule for relief given by Chapter 2 of this Part is not rewritten here as that Chapter gives no scope for a transfer of the business before the shares are acquired.

Chapter 4: Additional relief in cases involving restricted shares

Overview

2653. This Chapter applies if the shares acquired, either directly or pursuant to an option, are restricted shares. It gives the company further relief if an employment income charge arises after the shares have been acquired or if the employee dies. It is based on Part 4 of Schedule 23 to FA 2003.

2654. [Schedule 2](#) (transitionals and savings) provides that the special rules for restricted shares in this Part do not apply to shares acquired before 16 April 2003. If shares acquired before that date are forfeitable shares as defined in paragraph 19 of Schedule 23 to FA 2003 (as originally enacted) that Schedule continues to apply.

Section 1025: Additional relief available if shares acquired are restricted shares

2655. This section sets out the basic conditions for the relief to apply and identifies the company to which the relief is given. It is based on paragraph 21 of Schedule 23 to FA 2003.

2656. *Subsection (1)* gives the two basic conditions for the relief to apply.

2657. First, subsection (1)(a), the company must have been entitled to relief under either Chapter 2 or Chapter 3 in relation to restricted shares which have been acquired either directly or through an option. This condition will still be met if the amount of the relief is nil possibly because section 425(1) of ITEPA has applied to an acquisition of forfeitable shares. See the commentary on section 1009(2).

2658. For a number of years after this Act takes effect initial relief on the acquisition of the shares will have been given not under Chapters 2 and 3 of this Part but under Schedule 23 to FA 2003. In that case the continuity of law provisions in Schedule 2 (transitionals and savings), apply to treat references to Chapters 2 and 3 as if they were references to the equivalent provisions in the source legislation. Schedule 2 gives a signpost to those provisions and states their effect.
2659. Second, subsection (1)(b), after the shares have been acquired either section 426 of ITEPA applies (so giving the employee an amount of employment income) or the employee dies.
2660. The chargeable events that can give rise to a post-acquisition employment income charge under section 426 of ITEPA are listed in section 427(3) of ITEPA.
2661. The definition of “associated person” in section 421C(1) of ITEPA includes the person who acquired the shares.
2662. There will be no employment income charge if the employee dies before any of the events listed in section 427(3) of ITEPA occurs. Section 421B(4) and (6) of ITEPA provides that Chapter 2 of Part 7 of ITEPA ceases to apply to the securities immediately before the death of the employee.
2663. Subsection (1) treats the death as a chargeable event and gives the relief that would have been given if there had been an actual chargeable event at the date of death. No further relief is available under subsection (1) as the death of the employee prevents any further charge arising under section 426 of ITEPA.
2664. This section does not give relief if the employee has died before the shares are acquired. First, the deeming provision in paragraph 20(3) of Schedule 23 to FA 2003 (see the commentary on section 1009) is not expressed to apply to paragraph 21 of Schedule 23. Second, paragraph 21(2)(c) of Schedule 23, when read with paragraph 21(7) of Schedule 23, can work sensibly only if the employee dies after the shares are acquired. Third, the inclusion of paragraph 21(2)(c) of Schedule 23 itself indicates that paragraph 21(2)(b) of Schedule 23 applies only while the employee is alive.

Section 1026: Relief available on occurrence of chargeable event

2665. This section gives the relief available if there is a chargeable event as defined in section 427(3) of ITEPA. It is based on paragraphs 21 and 22 of Schedule 23 to FA 2003.
2666. Various reliefs are available in calculating the amount that counts as employment income but these reliefs are not deducted from the relief given to the company (see *subsection (4)*).

Section 1027: Relief available on death of employee

2667. This section gives the relief available on the death of the employee. It is based on paragraphs 21 and 22 of Schedule 23 to FA 2003.
2668. The amount of the relief is calculated by deeming the shares to be sold to an unconnected person immediately before the death of the employee (see *subsection (3)*). This deemed sale is a chargeable event within section 427(3) of ITEPA.

Section 1028: Supplementary provision for purposes of sections 1026 and 1027

2669. This section explains how relief is given under the Chapter. It is based on paragraphs 9, 16 and 21 of Schedule 23 to FA 2003.
2670. The section does not repeat the rules but cross-refers to the equivalent provisions in Chapters 2 and 3.

Section 1029: Transfer of qualifying business by group transfers

2671. This section gives relief to the successor company if the business carried on by the employing company is transferred before a chargeable event or the death of the employee. It is based on paragraph 23 of Schedule 23 to FA 2003.
2672. The section is very similar to section 1024 which gives relief to a successor company if the business is transferred some time between the grant of the option and the acquisition of shares pursuant to the option. Section 1024 identifies this time-frame as the “option period”.
2673. *Subsection (6)* provides that the “interim period” for this section starts when the shares or option are acquired. If the original relief has been given under Chapter 3 this means the “interim period” will include the period before the shares are acquired. This rule is needed to give relief to the successor company if there is a group transfer before the shares are acquired.
2674. **Section 1024** will give relief under Chapter 3 and section 1029 will give relief under this Chapter. Section 1029 would apply also if there was a further transfer after the shares had been acquired but before a chargeable event or the death of the employee.

Chapter 5: Additional relief in cases involving convertible securities

Overview

2675. This Chapter provides relief if the shares acquired, either directly or pursuant to an option, are convertible shares. It gives additional relief if a further employment income charge arises or the employee dies after the shares have been acquired and it also applies if there is an acquisition of convertible securities which are converted into qualifying shares. It is based on Part 4A of Schedule 23 to FA 2003.

Section 1030: Application of Chapter

2676. This section gives the conditions for the Chapter to apply. It is based on paragraphs 22B and 22C of Schedule 23 to FA 2003.
2677. As with relief under Chapter 4 the continuity of law provisions will apply if the shares or securities were acquired when Schedule 23 to FA 2003 was still in force. See the commentary on section 1025.
2678. *Subsection (5)* applies if the original recipient of an option dies and as a result the shares or securities are acquired by a different person. Relief under Chapter 3 on the acquisition of the shares is given by section 1015(3) which treats the shares as acquired by the original recipient of the option. *Subsection (5)* does the same for relief under this Chapter.
2679. *Subsection (6)* applies if there has been a takeover of the company whose shares were to be acquired and the options have been exchanged for options in a new company. Section 1022 gives relief under Chapter 3. *Subsection (6)* does the same for relief under this Chapter.

Section 1031: Additional relief available if shares acquired are convertible shares etc

2680. This section governs the events upon which and the timing on which relief is available. It is based on paragraphs 22C and 22D of Schedule 23 to FA 2003.
2681. *Subsection (2)* applies if the employee has died and there is a chargeable event that would have given rise to an employment income charge if the employee had been alive. Paragraph 22C(2)(c) of Schedule 23 to FA 2003 refers to relief being available on the death of the employee. In fact the availability of the relief is not triggered by the death

*These notes refer to the Corporation Tax Act 2009
(c.4) which received Royal Assent on 26 March 2009*

of the employee but by the occurrence of a later chargeable event after the death. This sequence is reflected in *subsection (3)*.

Section 1032: Meaning of “chargeable event”

2682. This section gives the meaning of “chargeable event”. It is based on paragraph 22C of Schedule 23 to FA 2003.

Section 1033: Relief available on occurrence of chargeable event

2683. This section identifies the amount and timing of relief available on a chargeable event. It is based on paragraphs 22C and 22D of Schedule 23 to FA 2003.

Section 1034: Relief available following death of employee

2684. This section identifies the amount of the relief available if the employee dies. It is based on paragraphs 22C and 22D of Schedule 23 to FA 2003.

2685. *Subsections (3) and (4)* provide relief which is similar to that given by section 1027 for restricted shares in that it is the amount that would count as employment income if the employee were still alive. But, under *subsection (2)*, unlike section 1027, relief is given for the accounting period in which the event occurs, not the period in which the employee dies.

Section 1035: Supplementary provision for purposes of sections 1033 and 1034

2686. This section explains how relief is given under the Chapter. It is based on paragraphs 9, 16 and 22C of Schedule 23 to FA 2003.

2687. The section does not repeat the rules but cross-refers to the equivalent provisions in Chapters 2 and 3.

Section 1036: Transfer of qualifying business by group transfers

2688. This section gives relief to the successor company if the business carried on by the employing company is transferred before a chargeable event or the death of the employee. It is based on paragraph 23 of Schedule 23 to FA 2003.

2689. The section performs the same function for convertible shares that section 1029 performs for restricted shares.

Chapter 6 Relationship between relief under this Part and other reliefs

Section 1037: Priority of Chapter 1 of Part 11

2690. This section gives priority to any deduction available under Chapter 1 of Part 11 of this Act. It is based on paragraph 24 to Schedule 23 to FA 2003.

2691. Chapter 1 of Part 11 of this Act gives relief for SIP schemes.

Section 1038: Exclusion of other deductions

2692. This section provides that no other deduction is available for the provision of shares if relief is, or could be, given under this Part. It is based on paragraph 25 of Schedule 23 to FA 2003.