



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 12

#### OTHER RELIEF FOR EMPLOYEE SHARE ACQUISITIONS

#### CHAPTER 1

#### INTRODUCTION

##### *Introductory*

#### **1001 Overview of Part**

- (1) This Part provides for corporation tax relief in relation to employee share acquisitions.
- (2) Sections 1002 to 1005 relate to the interpretation of this Part.
- (3) Chapter 2 provides for relief if shares are acquired by an employee or another person because of the employee's employment by a company.
- (4) Chapter 3 provides for relief if—
  - (a) an employee or another person obtains an option to acquire shares because of the employee's employment by a company, and
  - (b) shares are acquired pursuant to the option.
- (5) Chapter 4 provides for additional relief in cases involving restricted shares.
- (6) Chapter 5 provides for additional relief in cases involving convertible shares or convertible securities that are not shares.
- (7) Chapter 6 deals with the relationship between the reliefs under this Part and other reliefs.

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## Interpretation

### 1002 “Employment”

- (1) This section explains how references in this Part to employment (and related expressions) are to be read.
- (2) “Employment” includes a former or prospective employment.
- (3) References to employment by a company include references to holding an office with that company.
- (4) Members of a company whose affairs are managed by its members are treated as holding an office with the company.
- [<sup>F1</sup>(5) See also sections 1007A(2), 1015B(2), 1025B(2) and 1030B(2) (deemed employment for the purposes of Chapters 2, 3, 4 and 5 of certain employees of overseas companies who work for companies in the UK).]

#### Textual Amendments

**F1** S. 1002(5) inserted (6.4.2015) by [Finance Act 2014 \(c. 26\)](#), [Sch. 9 paras. 40, 47](#)

### 1003 “Shares” etc

- (1) In this Part “shares” includes—
  - (a) an interest in shares, and
  - (b) stock or an interest in stock.
- (2) For the purposes of this Part shares are acquired by a person when the person acquires a beneficial interest in them (and not, if different, when they are conveyed or transferred).

### 1004 Groups, consortiums and commercial associations of companies

- (1) This section applies for the purposes of this Part.
- (2) Two companies are members of the same group if one is a 51% subsidiary of the other or both are 51% subsidiaries of a third company.
- (3) “Group transfer” means a transfer of a business, or a part of a business, from one company that is a member of a group to another company that is, or two or more companies that are, members of the group.
- (4) A company is a parent company of another company if that other company is its 51% subsidiary.
- (5) A company (“the consortium company”) is owned by a consortium if—
  - (a) five or fewer companies (“the shareholding companies”) between them beneficially own at least 75% of the consortium company's ordinary share capital, and
  - (b) each of the shareholding companies beneficially owns at least 10% of that capital.

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- (6) Each shareholding company is a member of the consortium.
- (7) For the purposes of subsection (5) the shareholdings of members of a group of companies are to be treated as held by a single company.
- (8) And, in such a case, a member of the group of companies is a member of the consortium if the member beneficially owns some of the consortium company's ordinary share capital.
- (9) “Commercial association of companies” means a company together with such of its associated companies (as defined in <sup>F2</sup>section 449 of CTA 2010]) as carry on businesses that are of such a nature that the businesses of the company and the associated companies, taken together, may be reasonably considered to make up a single composite undertaking.

#### Textual Amendments

- F2** Words in s. 1004(9) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 665](#) (with [Sch. 2](#))

## 1005 Other definitions

In this Part—

“convertible securities” has the same meaning as in Chapter 3 of Part 7 of ITEPA 2003 (see section 436 of that Act),

“convertible shares” means shares that are—

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

“the employee” has the meaning given by section 1007(1)(a) or 1015(1)(a) (as the case may be) [<sup>F3</sup>(see also sections 1025A(7) and 1030A(8))],

<sup>F4</sup>...

“the employing company” has the meaning given by section 1007(1) or 1015(1) (as the case may be),

“listed company” means a company—

- (a) whose shares are listed on a recognised stock exchange, and
- (b) which is neither a close company nor a company that would be a close company if it were UK resident,

“market value” has the same meaning as in TCGA 1992 (see sections 272 and 273 of that Act),

“option” includes any right to acquire shares,

“ordinary shares” means shares forming part of a company's ordinary share capital,

“the qualifying business” has the meaning given by section 1007(1)(b)[<sup>F5</sup>, 1015(1)(b), 1025A(1)(d)(i) or 1030A(1)(d)(ii)] (as the case may be),

“the recipient” has the meaning given by section 1007(1) or 1015(1) (as the case may be),

“the relevant employment” has the meaning given by section 1007(1)(b) or 1015(1)(b) (as the case may be), and

“restricted shares” means shares that are—

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

for the purposes of Chapter 2 of Part 7 of ITEPA 2003 (see sections 423 and 424 of that Act).

#### Textual Amendments

- F3** Words in s. 1005 inserted (6.4.2015) by [Finance Act 2014 \(c. 26\)](#), [Sch. 9 paras. 41\(a\)](#), 47
- F4** Words in s. 1005 omitted (with effect in accordance with s. 12(5)–(7) of the amending Act) by virtue of [Finance Act 2017 \(c. 10\)](#), [s. 12\(4\)\(a\)](#)
- F5** Words in s. 1005 substituted (6.4.2015) by [Finance Act 2014 \(c. 26\)](#), [Sch. 9 paras. 41\(b\)](#), 47

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)