

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Paragraph 26. (See end of Document for details)*

---

## SCHEDULES

### SCHEDULE 2

#### TAX ADVANTAGED EMPLOYEE SHARE SCHEMES

#### PART 2

#### “GOOD LEAVERS” (OTHER THAN RETIREES)

##### *CSOP schemes*

- 26 (1) Section 524 (no charge in respect of exercise of option) is amended as follows.
- (2) In subsection (2B) for paragraph (a) substitute—
- “**(a)** has ceased to be in qualifying employment because of—
- (i) injury, disability, redundancy or retirement,
  - (ii) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006, or
  - (iii) in the case of a group scheme where the qualifying employment is as a director or employee of a constituent company, that company ceasing to be controlled by the scheme organiser, and”.
- (3) After subsection (2B) insert—
- “(2BA) For the purposes of subsection (2B) an individual is in “qualifying employment” if the individual is a full-time director or qualifying employee (as defined in paragraph 8(2) of Schedule 4) of—
- (a) the scheme organiser, or
  - (b) in the case of a group scheme, a constituent company.”
- (4) In subsection (2C) for “(2B)” substitute “ (2B)(a)(i) ”.
- (5) After subsection (2C) insert—
- “(2D) Subsection (2B)(a)(iii) does not cover a case where the constituent company was controlled by the scheme organiser by virtue of paragraph 34 of Schedule 4 (jointly owned companies).
- (2E) In relation to any shares acquired by the exercise of the share option, no liability to income tax arises in respect of its exercise if—
- (a) the individual exercises the option before the third anniversary of the date on which the option was granted at a time when the CSOP scheme is approved,
  - (b) the option is exercised by virtue of a provision included in the scheme under paragraph 25A of Schedule 4,

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Paragraph 26. (See end of Document for details)*

---

- (c) as a result of, as the case may be—
    - (i) the general offer,
    - (ii) the compromise or arrangement, or
    - (iii) the takeover offer,
 the individual receives cash (and no other assets) in exchange for the shares,
  - (d) when the decision to grant the option was taken—
    - (i) the general offer,
    - (ii) the compromise or arrangement, or
    - (iii) the takeover offer,
 as the case may be, had not been made,
  - (e) when that decision was taken, no arrangements were in place or under consideration for—
    - (i) the making of a general offer which would fall within subsection (2H),
    - (ii) the making of any compromise or arrangement which would fall within subsection (2L), or
    - (iii) the making of a takeover offer (as defined in section 974 of the Companies Act 2006) which would fall within subsection (2M),
  - (f) if the scheme includes a provision under paragraph 26 of Schedule 4 (“the paragraph 26 provision”), in connection with—
    - (i) the general offer,
    - (ii) the compromise or arrangement, or
    - (iii) the takeover offer,
 as the case may be, no course of action was open to the individual which, had it been followed, would have resulted in the individual making an agreement under the paragraph 26 provision which would have prevented the individual from acquiring the shares by the exercise of the option, and
  - (g) the avoidance of tax or national insurance contributions is not the main purpose (or one of the main purposes) of any arrangements under which the option was granted or is exercised.
- (2F) In subsection (2E)(c)(iii), (d)(iii) and (f)(iii) “the takeover offer” means the takeover offer (as defined in section 974 of the Companies Act 2006) giving rise to the application of sections 979 to 982 or 983 to 985 of that Act.
- (2G) In subsection (2E)(e) “arrangements” includes any plan, scheme, agreement or understanding, whether or not legally enforceable.
- (2H) A general offer falls within this subsection if it is—
- (a) a general offer to acquire the whole of the issued ordinary share capital of the relevant company which is made on a condition such that, if it is met, the person making the offer will have control of the relevant company, or
  - (b) a general offer to acquire all the shares in the relevant company which are of the same class as those acquired by the exercise of the option.

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Paragraph 26. (See end of Document for details)*

---

- (2I) In subsection (2H)(a) the reference to the issued ordinary share capital of the relevant company does not include any capital already held by the person making the offer or a person connected with that person and in subsection (2H)(b) the reference to the shares in the relevant company does not include any shares already held by the person making the offer or a person connected with that person.
- (2J) For the purposes of subsection (2H)(a) and (b) it does not matter if the general offer is made to different shareholders by different means.
- (2K) For the purposes of subsection (2H)(a) a person is to be treated as obtaining control of a company if that person and others acting in concert together obtain control of it.
- (2L) A compromise or arrangement falls within this subsection if it is applicable to or affects—
- (a) all the ordinary share capital of the relevant company or all the shares of the same class as those acquired by the exercise of the option, or
  - (b) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in an approved CSOP scheme.
- (2M) A takeover offer falls within this subsection if—
- (a) it relates to the relevant company, and
  - (b) where there is more than one class of share in the relevant company, the class or classes to which it relates is or include the class of the shares acquired by the exercise of the option.
- (2N) In subsections (2H), (2L) and (2M) “the relevant company” means the company whose shares are acquired by the exercise of the option.”

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2013, Paragraph 26.