

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, PART 3. (See end of Document for details)

SCHEDULES

SCHEDULE 23

EMPLOYEE SHAREHOLDER SHARES

PART 3

CORPORATION TAX

- 21 CTA 2009 is amended as follows.
- 22 In section 1005 (definitions), at the appropriate place insert—
- ““employee shareholder share” has the meaning given by section 226A(6) of ITEPA 2003.”.

Annotations:

Commencement Information

- II** Sch. 23 para. 22 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

- 23 (1) Section 1009 (relief for employee share acquisitions: employee's tax position) is amended as follows.
- (2) In subsection (2)(a), for “earnings within Chapter 1 of Part 3 of ITEPA 2003” substitute “relevant earnings”.
- (3) After subsection (2) insert—
- “(2A) Relevant earnings” means—
- (a) earnings within Chapter 1 of Part 3 of ITEPA 2003, and
- (b) any amount that is treated as earnings by virtue of section 226A of that Act (employee shareholder shares).”
- (4) After subsection (5) insert—
- “(6) Where the shares are employee shareholder shares, this section is subject to section 1038B.”

Annotations:

Commencement Information

- I2** Sch. 23 para. 23 in force at 1.9.2013 for the purposes of the amendments made by that paragraph by [S.I. 2013/1755, art. 2](#)

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- 24 In section 1010(1) (acquisition of shares: relief if shares neither restricted nor convertible), after “section 1012” insert “ and, in the case of employee shareholder shares, section 1038B ”.

Annotations:

Commencement Information

- I3** Sch. 23 para. 24 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

- 25 (1) Section 1011 (acquisition of shares: relief if shares are restricted or convertible) is amended as follows.

(2) In subsections (2) and (3), for “earnings of the employee within Chapter 1 of Part 3 of ITEPA 2003” substitute “ relevant earnings of the employee ”.

(3) For subsection (4) substitute—

“(4) For the purposes of subsections (2) and (3) “relevant earnings” means—

- (a) earnings within Chapter 1 of Part 3 of ITEPA 2003, and
- (b) any amount that is treated as earnings by virtue of section 226A of that Act (employee shareholder shares) (but see also section 1038B of this Act),

except that it does not include any amount of exempt income (within the meaning of section 8 of ITEPA 2003).”

Annotations:

Commencement Information

- I4** Sch. 23 para. 25 in force at 1.9.2013 for the purposes of the amendments made by that paragraph by [S.I. 2013/1755, art. 2](#)

- 26 In section 1018(1) (acquisition of shares pursuant to option: relief if shares neither restricted nor convertible), after “section 1020” insert “ and, in the case of employee shareholder shares, section 1038B ”.

Annotations:

Commencement Information

- I5** Sch. 23 para. 26 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

- 27 In section 1019(1) (acquisition of shares pursuant to option: relief if shares are restricted or convertible), after “section 1020” insert “ and, in the case of employee shareholder shares, section 1038B ”.

Annotations:

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- I6** Sch. 23 para. 27 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

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28 In section 1022 (takeover of company whose shares are subject to option), after subsection (4) insert—

“(5) Where the shares are employee shareholder shares, this section is subject to section 1038B.”

Annotations:

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I7 Sch. 23 para. 28 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

29 In section 1026 (restricted shares: relief available on chargeable event), after subsection (4) insert—

“(5) Where the shares are employee shareholder shares, this section is subject to section 1038B.”

Annotations:

Commencement Information

I8 Sch. 23 para. 29 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

30 In section 1027 (restricted shares: relief available on death of employee), after subsection (4) insert—

“(5) Where the shares are employee shareholder shares, this section is subject to section 1038B.”

Annotations:

Commencement Information

I9 Sch. 23 para. 30 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

31 In section 1033 (convertible securities: relief available on chargeable event), after subsection (4) insert—

“(5) Where the shares are employee shareholder shares, this section is subject to section 1038B.”

Annotations:

Commencement Information

I10 Sch. 23 para. 31 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755, art. 2](#)

32 In section 1034 (convertible securities: relief available following death of employee), after subsection (4) insert—

“(5) Where the shares are employee shareholder shares, this section is subject to section 1038B.”

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I11 Sch. 23 para. 32 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755](#), [art. 2](#)

33 (1) At the end of Chapter 6 of Part 12 insert—

“1038B Employee shareholder shares

For the purposes of this Part, any payment treated as made under section 226B of ITEPA 2003 (employee treated as paying £2000 for employee shareholder shares) in respect of the acquisition of shares is to be ignored when determining—

- (a) whether a person is subject to a charge to tax under that Act,
- (b) the amount that counts (or would have counted) as employment income under that Act, or
- (c) the consideration given by a person in relation to the acquisition of the shares.”

(2) Accordingly, in the heading for that Chapter, at the end insert “ ETC ”.

Annotations:

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I12 Sch. 23 para. 33 in force at 1.9.2013 for the purposes of the amendments made by that paragraph by [S.I. 2013/1755](#), [art. 2](#)

34 In section 1292 (provision of qualifying benefits), after subsection (6) insert—

“(6ZA) In determining whether condition A or B is met, any payment treated as made under section 226B of ITEPA 2003 (deemed payment for employee shareholder shares) is to be ignored.”

Annotations:

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I13 Sch. 23 para. 34 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755](#), [art. 2](#)

35 In section 1293 (timing and amount of certain qualifying benefits), after subsection (5) insert—

“(5A) In determining for the purposes of subsections (3) and (5) the amount that is, or would be, charged to tax under ITEPA 2003, any payment treated as made under section 226B of that Act (deemed payment for employee shareholder shares) is to be ignored.”

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I14 Sch. 23 para. 35 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755](#), [art. 2](#)

36 In Schedule 4 (index of definitions), at the appropriate place insert—

“employee shareholder share (in Part 12) section 226A(6) of ITEPA 2003 (see
section 1005 of this Act)”.

Annotations:

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I15 Sch. 23 para. 36 in force at 1.9.2013 for the purposes of the amendment made by that paragraph by [S.I. 2013/1755](#), [art. 2](#)

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