



Finance Act 2016

2016 CHAPTER 24

PART 1

INCOME TAX

Employment income: other provision

16 Employee share schemes

Schedule 3 contains miscellaneous minor amendments relating to employee share schemes.

17 Securities options

(1) In section 418 of ITEPA 2003 (provisions related to Part 7 of ITEPA 2003), in subsection (1), omit “(but not securities options)”.

(2) In that section, after subsection (1) insert—

“(1A) But Chapters 1 and 10 of Part 3 do not have effect in relation to—

- (a) the acquisition of employment-related securities options (within the meaning of Chapter 5 of Part 7), or
- (b) chargeable events (within the meaning given by section 477) occurring in relation to such options.”

(3) In section 227 of that Act (scope of Part 4), in subsection (4), before paragraph (a) insert—

“(za) section 418(1A) (acquisition of, and chargeable events occurring in relation to, employment-related securities options);”.

(4) The amendments made by this section come into force on 6 April 2016.

18 Employment income provided through third parties

- (1) Part 7A of ITEPA 2003 (employment income provided through third parties) is amended in accordance with subsections (2) and (3).
- (2) In section 554Z2 (value of relevant step to count as employment income) after subsection (1) insert—
- “(1A) Where the value of a relevant step would (apart from this subsection) count as employment income of more than one person—
- (a) the value of the relevant step is to be apportioned between each of those persons on a just and reasonable basis, and
 - (b) subsection (1) applies as if the reference to the value of the relevant step in relation to A were a reference to so much of the value of the relevant step that is apportioned to A.”
- (3) In section 554Z8 (cases where consideration given for relevant step) in subsection (5), omit “and” at the end of paragraph (b) and after paragraph (c) insert “, and
- (d) there is no connection (direct or indirect) between the payment and a tax avoidance arrangement.”
- (4) Paragraph 59 of Schedule 2 to FA 2011 (transitional provision relating to Part 7A of ITEPA 2003) is amended in accordance with subsections (5) to (7).
- (5) In sub-paragraph (2) for the words from “the earnings” to the end substitute—
- “(a) where sub-paragraph (2A) or (2B) applies, the earnings mentioned in sub-paragraph (1)(f)(i) or any return on those earnings mentioned in sub-paragraph (1)(f)(ii), and
 - (b) in any other case, the earnings mentioned in sub-paragraph (1)(f)(i).”
- (6) After sub-paragraph (2) insert—
- “(2A) This sub-paragraph applies where—
- (a) the agreement mentioned in sub-paragraph (1)(d)(i) is made before 1 April 2017, and
 - (b) A or B pays, or otherwise accounts for, any tax as mentioned in sub-paragraph (1)(e) in accordance with that agreement.
- (2B) This sub-paragraph applies where—
- (a) the decision mentioned in sub-paragraph (1)(d)(ii) is made before 1 April 2017, and
 - (b) A or B pays, or otherwise accounts for, any tax as mentioned in sub-paragraph (1)(e) before 1 April 2017.”
- (7) At the end insert—
- “(5) For the purposes of sub-paragraph (1)(e), a person is not to be regarded as having paid, or otherwise accounted for, any tax by reason only of making—
- (a) a payment on account of income tax,
 - (b) a payment that is treated as a payment on account under section 223(3) of FA 2014 (accelerated payments), or
 - (c) a payment pending determination of an appeal made in accordance with section 55 of TMA 1970.”

- (8) In Schedule 2 to FA 2011, omit paragraph 64 (power to make provision dealing with interactions etc.).
- (9) The amendment made by subsection (3) has effect in relation to payments made on or after 16 March 2016 by way of consideration for a relevant step (as defined in section 554A(2) of ITEPA 2003) taken on or after that date.
- (10) The amendment made by subsection (7) has effect in relation to chargeable steps (as defined in paragraph 59(1)(a) of Schedule 2 to FA 2011) taken on or after 16 March 2016.