



Finance Act 2017

2017 CHAPTER 10

PART 1

DIRECT AND INDIRECT TAXES

Employee shareholder shares

13 Employee shareholder shares: abolition of CGT exemption

- (1) TCGA 1992 is amended as follows.
- (2) In section 58 (spouses and civil partners)—
 - (a) in subsection (2)—
 - (i) at the end of paragraph (a) insert “ or ”;
 - (ii) omit paragraph (c) and the preceding “or”;
 - (b) omit subsections (3) to (5).
- (3) In section 149AA (restricted and convertible employment-related securities and employee shareholder shares), for subsection (6A) substitute—

“(6A) For the purposes of this section—

shares are “acquired” by an employee if the employee becomes beneficially entitled to them (and they are acquired at the time when the employee becomes so entitled);

“employee shareholder share” means a share acquired in consideration of an employee shareholder agreement and held by the employee;

“employee shareholder agreement” means an agreement by virtue of which an employee is an employee shareholder (see section 205A(1)(a) to (d) of the Employment Rights Act 1996);

“employee” and “employer company”, in relation to an employee shareholder agreement, mean the individual and the company which enter into the agreement.”
- (4) Omit sections 236B to 236F (exemption for employee shareholder shares).

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2017, Section 13. (See end of Document for details)

- (5) In section 236G (relinquishment of employment rights is not disposal of an asset), in subsection (1), for “employee shareholder agreement” substitute “ agreement by virtue of which the individual is an employee shareholder (see section 205A(1)(a) to (d) of the Employment Rights Act 1996) ”.
- (6) The amendments made by this section have effect in relation to shares acquired in consideration of an employee shareholder agreement entered into on or after the relevant day.
- (7) The relevant day is 1 December 2016, subject to subsection (8).
- (8) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights Act 1996—
 - (a) on 23 November 2016, but
 - (b) before 1.30 pm on that day,the relevant day is 2 December 2016.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2017, Section 13.