



# Finance Act 1996

## 1996 CHAPTER 8

### PART IV

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER IV

#### SHARE OPTIONS, PROFIT SHARING AND EMPLOYEE SHARE OWNERSHIP

#### *Share options*

#### **112 Release and replacement.**

- (1) After section 237 of the <sup>M1</sup>Taxation of Chargeable Gains Act 1992 there shall be inserted—

**“237A Share option schemes: release and replacement of options.**

- (1) This section applies in any case where a right to acquire shares in a body corporate (“the old right”) which was obtained by an individual by reason of his office or employment as a director or employee of that or any other body corporate is released in whole or in part for a consideration which consists of or includes the grant to that individual of another right (“the new right”) to acquire shares in that or any other body corporate.
- (2) As respects the person to whom the new right is granted—
- without prejudice to subsection (1) above, the new right shall not be regarded for the purposes of capital gains tax as consideration for the release of the old right;
  - the amount or value of the consideration given by him or on his behalf for the acquisition of the new right shall be taken for the purposes of

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**Changes to legislation:** *There are currently no known outstanding effects for the Finance Act 1996, Section 112. (See end of Document for details)*

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- section 38(1) to be the amount or value of the consideration given by him or on his behalf for the old right; and
- (c) any consideration paid for the acquisition of the new right shall be taken to be expenditure falling within section 38(1)(b).
- (3) As respects the grantor of the new right, in determining for the purposes of this Act the amount or value of the consideration received for the new right, the release of the old right shall be disregarded.”
- (2) Section 238(4) of that Act (which provides that the release of an option under an approved share option scheme in exchange for another option, in connection with a company take-over, is not to involve a disposal, and which is superseded by subsection (1) above) shall cease to have effect.
- (3) This section has effect in relation to transactions effected on or after 28th November 1995.

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**Marginal Citations**

**M1** 1992 c. 12.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1996, Section 112.