



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

[^{F1}EMPLOYMENT INCOME: INCOME AND EXEMPTIONS RELATING TO SECURITIES]

CHAPTER 11

SUPPLEMENTARY PROVISIONS ABOUT EMPLOYEE BENEFIT TRUSTS

Attribution of interests in company

552 Attribution of interest in company to beneficiary or associate

- (1) This section applies if—
 - (a) after 13th March 1989 B, or an associate of B's, has received a payment (“the relevant payment”) from the trustees of the employee benefit trust, and
 - (b) at any time during the period of 3 years ending with the day on which the relevant payment was received (“the payment date”), the property subject to the trust consisted of or included any part of the ordinary share capital of the company.
- (2) In such a case B or the associate is to be treated for the purposes of the listed provision as having been the beneficial owner of the appropriate percentage of the ordinary share capital of the company on the payment date.
- (3) This is in addition to any percentage of that share capital of which B or the associate was actually the beneficial owner on that date.
- (4) Section 553 explains what is meant by “the appropriate percentage”.

Changes to legislation: There are currently no known outstanding effects for the *Income Tax (Earnings and Pensions) Act 2003*, Cross Heading: Attribution of interests in company. (See end of Document for details)

Modifications etc. (not altering text)

C2 Ss. 552-554 applied (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), ss. 395(5), 1034(1) (with Sch. 2)

553 Meaning of “appropriate percentage” for purposes of section 552

(1) For the purposes of section 552 “the appropriate percentage” is—

$$\frac{P \times 100}{D}$$

where P and D have the meaning given by the following provisions.

(2) Unless subsection (3) applies, P is the aggregate of the relevant payment and any other payments received by B or associates of B’s from the trustees of the trust during the period of 12 months ending with the payment date.

(3) If—

- (a) any distributions were made to the trustees of the trust by the company in respect of its ordinary share capital during the period of 3 years ending with the payment date, and
- (b) the aggregate of those distributions is less than the aggregate mentioned in subsection (2),

P is the aggregate of those distributions.

(4) Unless subsection (5) applies, D is the amount determined as follows—

Step 1

Calculate the aggregate of—

- (a) any distributions made by the company in respect of its ordinary share capital during the period of 12 months ending with the payment date,
- (b) any distributions so made during the period of 12 months immediately preceding that mentioned in paragraph (a), and
- (c) any distributions so made during the period of 12 months immediately preceding that mentioned in paragraph (b).

Step 2

Divide the aggregate so calculated by the number of the periods mentioned in paragraphs (a) to (c) in which distributions were so made.

(5) If no distributions were so made during any of those periods, D is 1.

(6) In this section “the payment date” and “the relevant payment” have the meaning indicated in section 552(1).

Modifications etc. (not altering text)

C2 Ss. 552-554 applied (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), ss. 395(5), 1034(1) (with Sch. 2)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Attribution of interests in company. (See end of Document for details)

554 Attribution of further interest in company

- (1) This section applies if—
- (a) B or an associate of B's is (apart from this section) to be treated by virtue of section 552(2) as having been the beneficial owner of a percentage of the ordinary share capital of the company as a result of receiving the relevant payment from the trustees of an [^{F2}employee] benefit trust, and
 - (b) B or an associate of B's has, during the period of 12 months ending with the payment date, received one or more payments from the trustees of any other employee benefit trust or trusts connected with the company.
- (2) In such a case section 552 applies to B or (as the case may be) the associate mentioned in subsection (1)(a) as if B or the associate had received—
- (a) any payment from the trustees of a trust as mentioned in subsection (1)(b), or
 - (b) where more than one payment has been received from the trustees of a trust, the last of the payments,
- on the payment date.
- (3) B or the associate is accordingly to be treated for the purposes of the listed provision as having been the beneficial owner on the payment date of both—
- (a) the percentage of the ordinary share capital of the company mentioned in subsection (1)(a), and
 - (b) the appropriate percentage of that share capital as determined in accordance with subsection (2).
- (4) This is in addition to any percentage of that share capital of which B or the associate was actually the beneficial owner on that date.
- (5) For the purposes of this section a trust is “connected with” the company if, at any time during the period of 3 years ending with the payment date, the property subject to the trust consisted of or included any part of the ordinary share capital of the company.
- (6) In this section “the payment date” and “the relevant payment” have the meaning indicated in section 552(1).

Textual Amendments

F2 Word in s. 554(1)(a) substituted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 17 para. 9\(3\)](#)

Modifications etc. (not altering text)

C2 [Ss. 552-554](#) applied (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 395\(5\)](#), 1034(1) (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Attribution of interests in company.