



Finance Act 2004

2004 CHAPTER 12

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 4

PERSONAL TAXATION

Employment-related securities and options

87 Restricted securities with artificially depressed value

- (1) Section 446E of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (employee securities with artificially depressed market value: charge on restricted securities) is amended as follows.
- (2) In subsection (1), after “on restricted securities),” insert—
 - “(aa) immediately before the employment-related securities are disposed of (in circumstances which do not constitute such an event) or are cancelled without being disposed of,”.
- (3) For subsections (3) to (6) substitute—
 - “(3) “The relevant period” is the period beginning—
 - (a) if section 425(2) (no charge on acquisition of certain restricted securities or restricted interests in securities) applied in relation to the employment-related securities, 7 years before the acquisition, and
 - (b) in any other case, 7 years before the relevant date,and ending with the relevant date.
- (4) “The relevant date” is—

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- (a) in a case within subsection (1)(a), the date on which the chargeable event concerned occurs,
 - (b) in a case within subsection (1)(aa), the date on which the disposal or cancellation concerned occurs, and
 - (c) in a case within subsection (1)(b), the 5th April concerned.
 - (5) Where this section applies in a case within subsection (1)(aa) or (b), a chargeable event within section 427(3)(a) (lifting of restrictions) is to be treated as occurring in relation to the employment-related securities on the relevant date.
 - (6) In every case where this section applies, subsection (1) of section 428 (amount of charge on restricted securities) applies as if the reference in subsection (2) of that section to what would be the market value of the employment-related securities immediately after the chargeable event but for any restrictions were to what would be their market value at the appropriate time but for the matters to be disregarded.
 - (7) “The appropriate time” is—
 - (a) in a case within subsection (1)(a) or (b), the time immediately after the chargeable event concerned, and
 - (b) in a case within subsection (1)(aa), the time immediately before the chargeable event concerned.
 - (8) “The matters to be disregarded” are—
 - (a) any restrictions,
 - (b) the things done as mentioned in subsection (2), and
 - (c) if the employment-related securities are about to be disposed of or cancelled, that fact.
 - (9) Where this section applies in a case within subsection (1)(aa), section 428(1) applies with the omission of the reference to OP.
 - (10) Where this section applies in a case within subsection (1)(a) and the chargeable event concerned is within section 427(3)(c) (disposal for consideration), section 428 applies with the omission of subsection (9) (case where consideration is less than actual market value).”
- (4) This section applies on and after 7th May 2004.
- (5) But if the employment-related securities were acquired before that date, section 446E of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) does not apply by virtue of the amendment made by subsection (2) of this section unless their market value would be artificially low immediately before the disposal or cancellation if the date on which the relevant period began were the later of—
- (a) that on which it did begin, and
 - (b) 7th May 2004.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)