
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2005,
Cross Heading: Application of market value rule in case of exercise of option. (See end of Document for details)

SCHEDULES

SCHEDULE 5

CHARGEABLE GAINS: OPTIONS

PART 1

APPLICATION OF MARKET VALUE RULE IN CASE OF EXERCISE OF OPTION

Application of market value rule in case of exercise of option

- 1 (1) Section 144ZA of TCGA 1992 is amended as follows.
- (2) In subsection (1) (cases in which the section applies) at the beginning insert “ Subject to section 144ZB, ”.
- (3) In subsection (4) (where market value rule is set aside by the section, amount or value to be taken into account is, subject to section 120, to be actual amount or value) for “(subject to section 120) the actual amount or value” substitute “ (subject to section 119A) the exercise price ”.
- (4) After that subsection insert—
- “(4A) In subsection (4) above “exercise price”, in relation to an option, means the amount or value of the consideration which, under the terms of the option, is—
- (a) receivable (if the option binds the grantor to buy), or
 - (b) payable (if the option binds the grantor to sell),
- as a result of the exercise of the option (and does not include the amount or value of any consideration for the acquisition of the option (whether directly from the grantor or not)).”.
- (5) For subsection (5) substitute—
- “(5) Subsections (5) and (6) of section 144 shall apply for the purposes of this section and sections 144ZB to 144ZD as they apply for the purposes of that section.”.

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