



Corporation Tax Act 2009

2009 CHAPTER 4

PART 12

OTHER RELIEF FOR EMPLOYEE SHARE ACQUISITIONS

CHAPTER 3

RELIEF IF EMPLOYEE OR OTHER PERSON OBTAINS OPTION TO ACQUIRE SHARES

Requirements to be met for relief to be available

1015 Basic requirements for relief under Chapter 3

- (1) Relief under this Chapter is available to a company (“the employing company”) if—
- (a) a person (“the employee”) has employment with the employing company,
 - (b) that employment (“the relevant employment”) is in relation to a business within subsection (2) (“the qualifying business”),
 - (c) the employee or another person obtains an option to acquire shares because of the relevant employment,
 - (d) the person who obtains the option acquires shares pursuant to the option, and
 - (e) the conditions set out in sections 1016 and 1017 are met as mentioned in those sections.

The person who obtains the option is, in that capacity, called “the recipient”.

- (2) A business is within this subsection so far as—
- (a) the business is carried on by the employing company, and
 - (b) the employing company is within the charge to corporation tax in relation to the profits of the business.
- (3) If—
- (a) the recipient dies, and

Status: This is the original version (as it was originally enacted).

(b) subsequently another person acquires shares pursuant to the option, this Chapter applies as if the recipient were alive and the shares were acquired by the recipient.

1016 Conditions relating to shares acquired

(1) Each of the following conditions must be met in relation to the shares acquired.

Condition 1

The shares are ordinary shares that are fully paid-up and not redeemable.

Condition 2

The shares are—

- (a) shares of a class listed on a recognised stock exchange,
- (b) shares in a company that is not under the control of another company, or
- (c) shares in a company that is under the control of a listed company.

Condition 3

The shares are shares in—

- (a) the employing company,
- (b) a company that, when the option is obtained, is a parent company of the employing company,
- (c) a company that, when the option is obtained, is a member of a consortium that owns the employing company,
- (d) a company that, when the option is obtained, is a member of a consortium that owns a parent company of the employing company,
- (e) a company within subsection (2), or
- (f) a qualifying successor company (see section 1022).

(2) A company (“company A”) is within this subsection if when the option is obtained—

- (a) the employing company or a parent company of the employing company is a member of a consortium that owns another company (“company B”), and
- (b) company A is—
 - (i) a member of that consortium or a parent company of a member of that consortium, and
 - (ii) a member of the same commercial association of companies as company B.

1017 Condition relating to employee’s income tax position

(1) The following condition must be met in relation to the income tax position of the employee.

The Condition

The acquisition of the shares is a chargeable event in relation to the employee for the purposes of section 476 of ITEPA 2003 (whether or not an amount counts as employment income of the employee because of that event).

(2) Subsection (3) applies if the condition—

- (a) is not met, but
- (b) would be met if at all material times the employee had been a UK employee.

- (3) This Chapter applies as if the employee had been a UK employee as mentioned in subsection (2)(b).
- (4) The employee is a UK employee if—
 - (a) the employee is UK resident and ordinarily UK resident, and
 - (b) the duties of the relevant employment are performed in the United Kingdom.
- (5) If the employee is dead when the shares are acquired, the condition is to be treated as met if it would have been met had the employee been alive.