

# FINANCE ACT 2014

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## EXPLANATORY NOTES

### INTRODUCTION

#### *Section 290 & Schedule 37: Companies Owned by Employee-Ownership Trusts*

#### Details of the Schedule

#### **Part 4. Miscellaneous amendments**

#### **Income Tax (Earnings and Pensions) Act 2003**

144. Paragraphs 19 to 21 amend rules concerning the type of shares that can be awarded under three of the Government's tax-advantaged employee share schemes: Share Incentive Plan (SIP), Save As You Earn Option Scheme (SAYE) and Company Share Option Plan Scheme (CSOP). They provide that shares in a company that is subject to an employee-ownership trust may be awarded under these schemes, and also provide that a company that is subject to an employee-ownership trust is not a close company for the purposes of certain eligibility conditions in relation to shares. "Subject to an employee-ownership trust" is defined at paragraph 19, sub-paragraph (3) by reference to conditions provided elsewhere in this Schedule. These changes apply with effect from 1 October 2014.
145. Following these changes, shares in a company ("C") will be "eligible shares" for the purposes of SIP, SAYE and CSOP where:
- C is subject to an employee-ownership trust; or
  - in the case of SIP and SAYE, C is controlled by a listed company which is itself subject to an employee ownership trust.
146. Paragraph 22 amends the independence requirement for the Enterprise Management Incentives (EMI) tax advantaged employee share scheme to accommodate companies that are subject to an employee-ownership trust. The change to EMI will be commenced by order.