
Changes to legislation: Finance Act 2014, PART 3 is up to date with all changes known to be in force on or before 03 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 9

EMPLOYMENT-RELATED SECURITIES ETC

PART 3

CORPORATION TAX RELIEF FOR EMPLOYEE SHARE ACQUISITIONS

- 39 Part 12 of CTA 2009 (other relief for employee share acquisitions) is amended as follows.
- 40 In Chapter 1 (introduction), in section 1002 (“employment”), after subsection (4) insert—
- “(5) See also sections 1007A(2), 1015B(2), 1025B(2) and 1030B(2) (deemed employment for the purposes of Chapters 2, 3, 4 and 5 of certain employees of overseas companies who work for companies in the UK).”
- 41 In section 1005 (other definitions)—
- (a) at the end of the definition of “the employee” insert “ (see also sections 1025A(7) and 1030A(8)) ”, and
- (b) in the definition of “the qualifying business”, for “or 1015(1)(b)” substitute “ , 1015(1)(b), 1025A(1)(d)(i) or 1030A(1)(d)(ii) ”.
- 42 In Chapter 2 (corporation tax relief if shares are acquired by employee or other person), after section 1007 insert—

“1007A Application of Chapter in relation to employees of overseas companies who work for companies in the UK

- (1) This section applies if—
- (a) a person has an employment (“the actual employment”) with a non-UK resident company not within the charge to corporation tax (“the overseas employer”),
- (b) in performing any of the duties of the actual employment, the person works in the United Kingdom for, but is not employed by, another company (“the host employer”), and
- (c) the host employer is—
- (i) a UK resident company, or
- (ii) a non-UK resident company within the charge to corporation tax.
- (2) For the purposes of this Chapter, the person is to be treated as having an employment with the host employer (“the deemed employment”), the duties of which consist of the work the person does for the host employer.
- (3) Subsection (4) applies if—

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- (a) shares (“relevant shares”) are acquired because of the actual employment, and
 - (b) because of the work the person does for the host employer, an amount of employment income of the person is charged to tax under ITEPA 2003 in relation to the acquisition of the relevant shares.
- (4) For the purposes of section 1007(1)(c) (requirement that shares are acquired because of employment) the relevant shares are (regardless of when the acquisition takes place) to be treated, so far as would not otherwise be the case, as if they are acquired because of the deemed employment.
- (5) In section 1008 (conditions relating to the shares acquired) references to the employing company are to be read as including references to the overseas employer.
- (6) If, in relation to an acquisition of shares, the amount of relief would otherwise be more than the total amount of employment income of the person charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other provision of this Chapter) limited to the total amount of that income so charged.
- (7) If relief is available to more than one company in respect of the same acquisition of shares, relief may only be given to one of them in respect of that acquisition.
- (8) For the purposes of this section a person works for another person if the person provides, and is obliged to provide, personal service to the other person.”
- 43 In Chapter 3 (corporation tax relief if employee or other person obtains option to acquire shares), after section 1015 insert—

“1015A Application of Chapter: employees of overseas companies who take up employment with a UK company

- (1) This section applies if—
- (a) a person (“E”) has, or had, an employment with a non-UK resident company not within the charge to corporation tax (“the overseas employment”),
 - (b) E or another person obtains an option to acquire shares because of the overseas employment,
 - (c) E has an employment (“the UK employment”) with a company that is a UK resident company or a non-UK resident company within the charge to corporation tax,
 - (d) the person who obtained the option acquires shares pursuant to it, and
 - (e) subsection (2) applies.
- (2) This subsection applies if—
- (a) an amount of employment income of E is charged to tax under ITEPA 2003 in relation to the acquisition because of the UK employment, or
 - (b) it is because of the UK employment that E or another person is able to acquire the shares pursuant to the option.

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- (3) For the purposes of section 1015(1)(c) (requirement that option is obtained because of employment), the option is (regardless of when it is obtained) to be treated as if it is obtained because of the UK employment.
- (4) In section 1016 (conditions relating to the shares acquired) references to the employing company are to be read as including references to the company mentioned in subsection (1)(a).
- (5) If, in relation to the acquisition, an amount of relief would otherwise be available that is more than the total amount of employment income of E charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other provision of this Chapter) limited to the total amount of that income so charged.
- (6) If relief is available to more than one company in respect of the same acquisition of shares pursuant to an option, relief may only be given to one of them in respect of that acquisition.

1015B Application of Chapter in relation to employees of overseas companies who work for companies in the UK

- (1) This section applies if—
 - (a) a person has an employment (“the actual employment”) with a non-UK resident company not within the charge to corporation tax (“the overseas employer”),
 - (b) in performing any of the duties of the actual employment, the person works in the United Kingdom for, but is not employed by, another company (“the host employer”), and
 - (c) the host employer is—
 - (i) a UK resident company, or
 - (ii) a non-UK resident company within the charge to corporation tax.
- (2) For the purposes of this Chapter, the person is to be treated as having an employment (“the deemed employment”) with the host employer, the duties of which consist of the work the person does for the host employer.
- (3) Subsection (4) applies if—
 - (a) an option to acquire shares (“the relevant option”) is obtained because of the actual employment,
 - (b) shares are acquired pursuant to the relevant option, and
 - (c) because of the work the person does for the host employer, an amount of employment income of the person is charged to tax under ITEPA 2003 in relation to the acquisition of the shares.
- (4) For the purposes of section 1015(1)(c) (requirement that option is obtained because of employment), the relevant option is (regardless of when it is obtained) to be treated, so far as would not otherwise be the case, as if it is obtained because of the deemed employment.
- (5) In section 1016 (conditions relating to the shares acquired) references to the employing company are to be read as including references to the overseas employer.

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- (6) If, in relation to an acquisition of shares pursuant to an option, the amount of relief would otherwise be more than the total amount of employment income of the person charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other provision of this Chapter) limited to the total amount of that income so charged.
- (7) If relief is available to more than one company in respect of the same acquisition of shares pursuant to an option, relief may only be given to one of them in respect of that acquisition.
- (8) For the purposes of this section a person works for another person if the person provides, and is obliged to provide, personal service to the other person.”
- 44 (1) Section 1016 (conditions relating to shares acquired) is amended as follows.
- (2) In subsection (1), omit the “or” at the end of paragraph (b) of Condition 2 and after paragraph (c) of that Condition insert “, or
 (d) shares within subsection (1A)”.
- (3) After subsection (1) insert—
- “(1A) Shares are within this subsection if—
- (a) after the option is obtained, the company in which the shares are to be acquired (“the relevant company”) comes to be controlled by another company (“the takeover”),
- (b) immediately before the takeover, the shares were within any of paragraphs (a) to (c) of Condition 2,
- (c) as a result of the takeover, the shares cease to be within any of those paragraphs,
- (d) the shares are acquired pursuant to the option within the period of 90 days beginning with the day of the takeover, and
- (e) the avoidance of tax is not the main purpose (or one of the main purposes) of the takeover.”
- 45 In Chapter 4 (additional corporation tax relief in cases involving restricted shares), after section 1025 insert—

“1025A Application of Chapter: employees of overseas companies who take up employment with, or work for, a UK company

- (1) This section applies if—
- (a) a person (“E”) has, or had, an employment (“the overseas employment”) with a non-UK resident company not within the charge to corporation tax (“the overseas company”),
- (b) E or another person acquired restricted shares because of the overseas employment (whether or not pursuant to an option),
- (c) the case is not within section 1025(1)(a),
- (d) relief under Chapter 2 or 3 would have been available to the overseas company in relation to the acquisition if, at all material times—
- (i) the overseas company had carried on a business within subsection (2) (“a qualifying business”), and
- (ii) the overseas employment had related to that business,

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- (e) E has a UK employment with a UK company (see subsections (3) and (4)),
- (f) the UK employment is in relation to a qualifying business carried on by the UK company,
- (g) an event occurs that is a chargeable event in relation to the restricted shares for the purposes of section 426 of ITEPA 2003, and
- (h) because of the UK employment, an amount of employment income of E is charged to tax under ITEPA 2003 in relation to the chargeable event.

For the purposes of paragraph (d) it does not matter if the amount of the relief would have been calculated as nil.

- (2) A business is within this subsection so far as—
 - (a) it is carried on by a company, and
 - (b) the company is within the charge to corporation tax in relation to the profits of the business or would be but for section 18A.
- (3) A company is a “UK company” if it is a UK resident company or a non-UK resident company within the charge to corporation tax.
- (4) E has a “UK employment” with a UK company if—
 - (a) E is employed by the UK company, or
 - (b) E is not employed by the UK company but provides, and is obliged to provide, personal service to the UK company, in the course of performing the duties of the overseas employment (in which case, references to the UK employment are to the personal service E provides).
- (5) Relief under this Chapter is available to the UK company as a result of the chargeable event.
- (6) References in this Chapter to the original relief (other than in section 1025B) are to be treated as references to the relief that would have been available as mentioned in subsection (1)(d).
- (7) In section 1026(3) (amount of relief on occurrence of chargeable event), the reference to the employee is to be read as a reference to E.
- (8) For the purposes of section 1028(2) (giving relief), as that provision has effect by virtue of subsection (6), in section 1013(2) to (5) or (as the case may be) 1021(2) to (5)—
 - (a) references to the employing company are to be treated as references to the UK company,
 - (b) the reference to the relevant employment is to be treated as a reference to the UK employment, and
 - (c) references to a business within section 1007(2) or (as the case may be) 1015(2) are to be treated as references to a business within subsection (2).
- (9) If, in relation to the chargeable event, the amount of relief available would otherwise be more than the total amount of employment income of E charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other

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provision of this Chapter) limited to the total amount of that income so charged.

- (10) If relief is available to more than one company as a result of the same chargeable event, relief may only be given to one of them in respect of that event.

1025B Application of Chapter where original relief a consequence of section 1007A, 1015A or 1015B

- (1) This section applies if the original relief is available under—
 - (a) Chapter 2 as a consequence of section 1007A, or
 - (b) Chapter 3 as a consequence of section 1015A or 1015B.
- (2) If the original relief is available as a consequence of section 1007A or 1015B, subsection (2) of the section concerned applies for the purposes of this Chapter.
- (3) If, in relation to a chargeable event, the amount of relief available would otherwise be more than the total amount of employment income of the employee charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other provision of this Chapter) limited to the total amount of that income so charged.
- (4) If relief is available to more than one company as a result of the same chargeable event, relief may only be given to one of them in respect of that event.
- (5) No relief is available as a result of the employee's death.”

46 In Chapter 5 (additional corporation tax relief in cases involving convertible securities), after section 1030 insert—

“1030A Application of Chapter: employees of overseas companies who take up employment with, or work for, a UK company

- (1) This section applies if—
 - (a) a person (“E”) has, or had, an employment (“the overseas employment”) with a non-UK resident company not within the charge to corporation tax (“the overseas company”),
 - (b) E or another person acquired convertible securities because of the overseas employment (whether or not pursuant to an option),
 - (c) the case is not within section 1030(1) or (2),
 - (d) relief under Chapter 2 or 3 would have been available to the overseas company in relation to the acquisition if—
 - (i) in a case in which the convertible securities were not shares, they had been shares in relation to which the conditions set out in section 1008 or (as the case may be) 1016 were met, and
 - (ii) at all material times, the overseas company had carried on a business within subsection (2) (“a qualifying business”) and the overseas employment had related to that business,

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- (e) E has a UK employment with a UK company (see subsections (3) and (4)),
- (f) the UK employment is in relation to a qualifying business carried on by the UK company,
- (g) an event occurs that is a chargeable event (within the meaning given by section 1032 modified in accordance with subsections (6) and (7)) in relation to the convertible securities, and
- (h) because of the UK employment, an amount of employment income of E is charged to tax under ITEPA 2003 in relation to the chargeable event.

For the purposes of paragraph (d) it does not matter if the amount of the relief would have been calculated as nil.

- (2) A business is within this subsection so far as—
 - (a) it is carried on by a company, and
 - (b) the company is within the charge to corporation tax in relation to the profits of the business or would be but for section 18A.
- (3) A company is a “UK company” if it is a UK resident company or a non-UK resident company within the charge to corporation tax.
- (4) E has a “UK employment” with a UK company if—
 - (a) E is employed by the UK company, or
 - (b) E is not employed by the UK company but provides, and is obliged to provide, personal service to the UK company, in the course of performing the duties of the overseas employment (in which case, references to the UK employment are to the personal service E provides).
- (5) Relief under this Chapter is available to the UK company as a result of the chargeable event.
- (6) References in this Chapter to the original relief (other than in section 1030B) are to be treated as references to the relief that would have been available as mentioned in subsection (1)(d).
- (7) For the purposes of section 1032(2), references to the employing company in the conditions set out in section 1008 or (as the case may be) 1016 are to be read as references to the overseas company or the UK company.
- (8) In section 1033(3) (amount of relief available on occurrence of chargeable event), the reference to the employee is to be read as a reference to E.
- (9) For the purposes of section 1035(2) (giving relief), as that provision has effect by virtue of subsection (6), in section 1013(2) to (5) or (as the case may be) 1021(2) to (5)—
 - (a) references to the employing company are to be treated as references to the UK company,
 - (b) the reference to the relevant employment is to be treated as a reference to the UK employment, and
 - (c) references to a business within section 1007(2) or (as the case may be) 1015(2) are to be treated as references to a business within subsection (2).

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- (10) If, in relation to the chargeable event, the amount of relief available would otherwise be more than the total amount of employment income of E charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other provision of this Chapter) limited to the total amount of that income so charged.
- (11) If relief is available to more than one company as a result of the same chargeable event, relief may only be given to one of them in respect of that event.

1030B Application of Chapter where original relief a consequence of section 1007A, 1015A or 1015B

- (1) This section applies if the original relief is, or would have been, available under—
- (a) Chapter 2 as a consequence of section 1007A, or
 - (b) Chapter 3 as a consequence of section 1015A or 1015B.
- (2) If the original relief is, or would have been, available as a consequence of section 1007A or 1015B, subsection (2) of the section concerned applies for the purposes of this Chapter.
- (3) Section 1007A(5), 1015A(4) or (as the case may be) 1015B(5) applies for the purposes of section 1032(2).
- (4) If, in relation to a chargeable event, the amount of relief available would otherwise be more than the total amount of employment income of the employee charged to tax under ITEPA 2003, the amount of relief is (notwithstanding any other provision of this Chapter) limited to the total amount of that income so charged.
- (5) If relief is available to more than one company as a result of the same chargeable event, relief may only be given to one of them in respect of that event.
- (6) No relief is available as a result of the employee's death.”

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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. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)