



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IV

#### PROVISIONS RELATING TO THE SCHEDULE D CHARGE

### CHAPTER V

#### COMPUTATIONAL PROVISIONS

##### *Deductions*

#### **[<sup>F1</sup>84A Costs of establishing share option or profit sharing schemes: relief.**

- (1) Subsection (2) below applies where—
- (a) a company incurs expenditure on establishing a share option scheme which the Board approve and under which no employee or director obtains rights before such approval is given, or
  - (b) a company incurs expenditure on establishing a profit sharing scheme which the Board approve and under which the trustees acquire no shares before such approval is given.
- (2) In such a case the expenditure—
- (a) shall be deducted in computing for the purposes of Schedule D [<sup>F2</sup>or Part 2 of ITTOIA 2005] the [<sup>F3</sup>profits] of a trade carried on by the company, or
  - [<sup>F4</sup>(b) if the company is one with investment business, shall be treated as expenses of management deductible under section 75 to the extent that it otherwise would not be, or
  - (c) if the company is one in relation to which section 76 applies, shall be treated for the purposes of that section as expenses payable which fall to be brought into account at Step 1 in subsection (7) of that section to the extent that it otherwise would not be.]

*Status: Point in time view as at 06/04/2005. This version of this provision has been superseded.*

*Changes to legislation: Income and Corporation Taxes Act 1988, Section 84A is up to date with all changes known to be in force on or before 15 July 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)*

(3) In a case where—

- (a) subsection (2) above applies, and
- (b) the approval is given after the end of the period of nine months beginning with the day following the end of the period of account in which the expenditure is incurred,

[<sup>F5</sup>for the purpose of applying subsection (2) above the expenditure shall be treated in accordance with subsection (3ZA) below.]

[ Where this subsection applies—

- <sup>F6</sup>(3ZA) (a) in applying subsection (2)(a) above, the expenditure shall be treated as incurred in the period of account in which the approval is given (and not the period of account mentioned in subsection (3)(b) above),
- (b) in applying subsection (2)(b) or (c) above, the expenditure shall be treated as referable to the accounting period in which the approval is given.]

[ In this section, “share option scheme” means—

- <sup>F7</sup>(3A) (a) an SAYE option scheme within the meaning of the SAYE code (see section 516(4) of ITEPA 2003 (approved SAYE option schemes)), or
- (b) a CSOP scheme within the meaning of the CSOP code (see section 521(4) of that Act (approved CSOP schemes)).]

(4) References in this section to approving are to approving under Schedule 9 [<sup>F8</sup>to this Act or under Schedule 3 or 4 to ITEPA 2003 (approved SAYE option schemes and approved CSOP schemes)].

(5) This section applies where the expenditure is incurred on or after 1st April 1991.]

#### Textual Amendments

- F1** S. 84A inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [s. 42](#)
- F2** Words in [s. 84A\(2\)\(a\)](#) inserted (6.4.2005 with effect in accordance with [s. 883\(1\)](#) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 59](#) (with [Sch. 2](#))
- F3** Words in [s. 84A\(2\)\(a\)](#) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), [s. 46\(3\)\(a\)\(b\)](#), [Sch. 7 para. 1](#)
- F4** [S. 84A\(2\)\(b\)\(c\)](#) substituted for [s. 84A\(2\)\(b\)](#) (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 ([S.I. 2004/2310](#)), art. 1(2), [Sch. para. 4\(2\)](#)
- F5** Words in [s. 84A\(3\)](#) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 ([S.I. 2004/2310](#)), art. 1(2), [Sch. para. 4\(3\)](#)
- F6** [S. 84A\(3ZA\)](#) inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 ([S.I. 2004/2310](#)), art. 1(2), [Sch. para. 4\(4\)](#)
- F7** [S. 84A\(3A\)](#) inserted (6.4.2003 with effect in accordance with [s. 723\(1\)](#) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 11\(2\)](#) (with [Sch. 7](#))
- F8** Words in [s. 84A\(4\)](#) inserted (6.4.2003 with effect in accordance with [s. 723\(1\)](#) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 11\(3\)](#) (with [Sch. 7](#))

**Status:**

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**Changes to legislation:**

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