

SCHEDULES

SCHEDULE 13

CHANGES TO EIS ETC

PART I

EIS INCOME TAX RELIEF

Disposal of shares

- 12 (1) In subsection (1) of section 299 of the Taxes Act 1988—
- (a) for the words from the beginning to “relevant period” there shall be substituted the words “Subject to section 304(1), where an individual makes, before the end of the relevant period, any disposal of eligible shares to which relief is attributable”; and
 - (b) in paragraphs (a) and (b)(ii), for the words “any relief” there shall be substituted the words “the relief”.
- (2) In subsection (3) of that section—
- (a) for the words “any issue of shares held by any person” there shall be substituted the words “any issue of eligible shares held by any individual”; and
 - (b) for the words “the shares” there shall be substituted the words “the issue”.
- (3) In subsection (4) of that section—
- (a) after the words “any issue of” there shall be inserted the word “eligible”; and
 - (b) after the word “shares” there shall be inserted the words “issued in that year (or treated by section 289B(5) as so issued)”.
- (4) After subsection (5) of that section there shall be inserted the following subsection—
- “(5A) The shares to which such an option relates shall be taken to be those which, if—
- (a) the option were exercised immediately after the grant, and
 - (b) any shares in the company acquired by the individual after the grant were disposed of immediately after being acquired,
- would be treated for the purposes of this section as disposed of in pursuance of the option.”
- (5) For subsection (6) of that section there shall be substituted the following subsections—
- “(6) Where shares of any class in a company have been acquired by an individual on different days, any disposal by him of shares of that class shall be treated

Status: This is the original version (as it was originally enacted).

for the purposes of this section as relating to those acquired on an earlier day rather than to those acquired on a later day.

- (6A) Where shares of any class in a company have been acquired by an individual on the same day, any of those shares disposed of by him shall be treated for the purposes of this section as disposed of in the following order, namely—
- (a) first any to which neither relief under this Chapter nor deferral relief is attributable;
 - (b) next any to which deferral relief, but not relief under this Chapter, is attributable;
 - (c) next any to which relief under this Chapter, but not deferral relief, is attributable; and
 - (d) finally any to which both relief under this Chapter and deferral relief are attributable;

and in this subsection and subsection (6C) below “deferral relief” has the same meaning as in Schedule 5B to the 1992 Act.

- (6B) Any shares falling within paragraph (c) or (d) of subsection (6A) above which are treated by section 289B(5) as issued on an earlier day shall be treated as disposed of before any other shares falling within that paragraph.

- (6C) The following, namely—

- (a) any shares to which relief under this Chapter is attributable and which were transferred to an individual as mentioned in section 304, and
- (b) any shares to which deferral relief, but not relief under this Chapter, is attributable and which were acquired by an individual on a disposal to which section 58 of the 1992 Act applies,

shall be treated for the purposes of subsections (6) and (6A) above as acquired by him on the day on which they were issued.

- (6D) In a case to which section 127 of the 1992 Act applies (whether or not by virtue of section 135(3) of that Act), shares comprised in the new holding shall be treated for the purposes of subsections (6) and (6A) above as acquired when the original shares were acquired.

In this subsection “new holding” and “original shares” shall be construed in accordance with sections 126, 127, 135 and 136 of the 1992 Act.”

- (6) Subsection (7) of that section shall cease to have effect.
- (7) Subsection (8)(a) of that section shall cease to have effect.
- (8) Sub-paragraphs (1), (3)(b), (5) and (6) above have effect in relation to disposals made on or after 6th April 1998.
- (9) Sub-paragraph (4) above has effect in relation to options granted on or after that date.