

SCHEDULES

SCHEDULE 14

ENTERPRISE MANAGEMENT INCENTIVES

PART VII

CAPITAL GAINS TAX

Qualifying shares

- 56 (1) In this Part of this Schedule “qualifying shares”—
- (a) means shares acquired by the exercise of a qualifying option, subject to subparagraphs (2) and (3), and
 - (b) includes shares (“replacement shares”) which—
 - (i) are treated under section 127 of the Taxation of Chargeable Gains Act 1992 (company reorganisations etc.) as the same asset as a holding of qualifying shares, and
 - (ii) meet the requirements of paragraph 38 (type of shares that may be acquired under qualifying option).
- (2) If a disqualifying event occurs in relation to a qualifying option (whether the original option or a replacement option), shares acquired by the exercise of the option are qualifying shares only if the option is exercised within 40 days of that event.
- (3) References in this Part to “the original option”, where there has been one or more replacement options, are to the option that the replacement option (or, if there has been more than one, the first of them) replaced.

Taper relief on disposal of qualifying shares

- 57 For the purposes of computing taper relief on a disposal of qualifying shares, the shares are treated as if they had been acquired when the original option was granted.

Rights issues in respect of qualifying shares

- 58 Where—
- (a) an individual holds qualifying shares, and
 - (b) there is, by virtue of any such allotment for payment as is mentioned in section 126(2)(a) of the Taxation of Chargeable Gains Act 1992, a reorganisation affecting that holding,
- sections 127 to 130 of that Act shall not apply in relation to that holding.