



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 8

APPROVED CSOP SCHEMES

Tax advantages

523 No charge in respect of receipt of option

- (1) No liability to income tax arises in respect of the receipt of the share option.
- (2) But this is subject to section 526 (charge where option granted at a discount).

524 No charge in respect of receipt of option

- (1) No liability to income tax arises in respect of the exercise of the share option if—
 - (a) the individual exercises it in accordance with the provisions of the CSOP scheme at a time when the scheme is approved, and
 - (b) the condition in subsection (2) is met.
- (2) The condition is that—
 - (a) the option (“the current option”) is exercised—
 - (i) on or after the third anniversary of the date on which it was granted, but
 - (ii) not later than the tenth anniversary of that date, and

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- (b) the individual has not made an exempt exercise of another option within the period of 3 years ending with the date on which the current option is exercised.
- (3) For the purposes of subsection (2)—
 - (a) an individual has made an exempt exercise of another option if the individual has exercised a share option granted under the scheme, or under any other approved CSOP scheme, in circumstances in which subsection (1) applied to its exercise, and
 - (b) an option exercised on the same day as the current option is to be disregarded.
- (4) This section does not affect the operation of section 477(4) (no charge on exercise of option by personal representatives etc.).
- (5) Paragraph 25 of Schedule 4 provides for the exercise of an option where the holder has died.

525 No charge in respect of post-acquisition benefits

- (1) This section applies if—
 - (a) the individual exercises the share option in accordance with the provisions of the CSOP scheme at a time when the scheme is approved, and
 - (b) the condition set out in section 524(2) is met.
- (2) No liability to income tax arises by virtue of—
 - section 449 (charge where restrictions or rights varied after acquisition), or
 - section 453 (charge on increase in value of shares of dependent subsidiaries),in respect of shares acquired by the exercise of the option.

Status:

Point in time view as at 06/04/2003.

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