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SCHEDULES.

SCHEDULE 4

DIRECTORS AND EMPLOYEES OF COMPANIES GRANTED RIGHTS TO ACQUIRE SHARES.

Exclusion and modification of other charges to tax.

- 1 (1) Where tax may by virtue of section 25 of this Act (in this Schedule referred to as " the principal section ") become chargeable in respect of any gain which may be realised by the exercise of a right, tax shall not be chargeable under any other provision of the Income Tax Acts in respect of the receipt of the right.
- (2) Sub-paragraph (1) above shall not affect tax chargeable under Case I of Schedule E in respect of the receipt of a right granted before 3rd May 1966, but the amount, if any, on which tax is so chargeable shall be taken into account under paragraph (a) and paragraph (b) of subsection (2) of the principal section in relation to the gain realised by the exercise, or by the assignment or release, of the right as if that amount formed part (in addition to any other amount) of the consideration for the grant of the right.
- 2 (1) If a gain chargeable to tax under subsection (1) or subsection (3) of the principal section is realised by the exercise of a right to acquire shares, paragraph 4(1)(a) of Schedule 6 to the Finance Act 1965 (computation of chargeable gains: allowable expenditure) shall apply as if a sum equal to the amount of the gain so chargeable to tax formed part of the consideration given by the person acquiring the shares for their acquisition by him.
- (2) Without prejudice to section 12(4) of the Finance Act 1962 (Case VII of Schedule D: acquisition of assets taken into account as receipts for tax purposes), if a gain chargeable to tax under subsection (1) or subsection (3) of the principal section is realised by the exercise of a right to acquire shares, the amount of the gain or loss accruing to that person on the acquisition and disposal of any of the shares shall be computed for the purposes of the said Case VII as if the acquisition of the shares were for a consideration equal to their market value at the time when the right is exercised.