



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART V

#### PROVISIONS RELATING TO THE SCHEDULE E CHARGE

### CHAPTER V

#### ASSESSMENT, COLLECTION, RECOVERY AND APPEALS

#### **[<sup>F1</sup>203FB] PAYE: gains from share options etc.**

- (1) This section applies where an event occurs by virtue of which an amount is assessable on any person ("the relevant person") by virtue of section 135, 140A(4) or 140D.
- (2) If that event is the exercise of a right to acquire shares, section 203F shall have effect, subject to [<sup>F2</sup>subsection (6A)] below, as if the relevant person were being provided—
  - (a) at the time he acquires the shares in exercise of that right, and
  - (b) in respect of the office or employment by reason of which he was granted the right,with assessable income in the form of those shares.
- (3) If that event is the assignment or release of a right to acquire shares, sections 203 to 203F shall have effect, subject to [<sup>F2</sup>subsection (6A)] below—
  - (a) in so far as the consideration for the assignment or release takes the form of a payment, as if so much of that payment as does not exceed the amount assessable by virtue of section 135 were a payment of assessable income of the relevant person; and
  - (b) in so far as that consideration consists in the provision of an asset, as if the provision of that asset were the provision—
    - (i) to the relevant person, and
    - (ii) in respect of the office or employment by reason of which he was granted the right,

*Status: Point in time view as at 28/07/2000. This version of this provision has been superseded.*

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of assessable income in the form of that asset.

- (4) If that event is an event falling within subsection (4)(a) or (b) of section 140A, sections 203 to 203F shall have effect, subject to subsection (7) below, as if—
- (a) the provision to the relevant person of the employee's interest in the shares included the provision to him at the time of the event of a further interest in those shares; and
  - (b) the further interest were not subject to any terms by virtue of which it would fall for the purposes of section 140A to be treated as only conditional.
- (5) If that event is an event falling within subsection (3) of section 140D, sections 203 to 203F shall have effect, subject to subsection (7) below, as if the original provision to the relevant person of the convertible shares or securities included the provision to him at the time of the event of the shares or securities into which they are converted.
- (6) Subsection (5) above shall apply in a case where the convertible shares or securities were themselves acquired by means of a taxable conversion (as defined in section 140D(7)), or by a series of such conversions, as if the reference to the original provision of the convertible shares or securities were a reference to the provision of the shares or securities which were converted by the earlier or earliest conversion.
- [ Where section 203F has effect in accordance with subsection (2) or (3) above,
- <sup>F3</sup>(6A) subsection (3) of section 203F shall apply as if the reference in that subsection to the amount of income likely to be chargeable to tax under Schedule E in respect of the provision of the asset were a reference to the amount on which tax is likely to be chargeable by virtue of section 135 in respect of the event in question, reduced by the amount of any relief likely to be available under section 187A.]
- (7) Where section 203F has effect in accordance with [<sup>F4</sup>subsection (4) or (5) above], subsection (3) of section 203F shall apply as if the reference in that subsection to the amount of income likely to be chargeable to tax under Schedule E in respect of the provision of the asset were a reference to the amount on which tax is likely to be chargeable by virtue of section 135, 140A or 140D in respect of the event in question.
- (8) PAYE regulations may make provision for excluding payments from the scope of subsection (3)(a) above in such circumstances as may be specified in the regulations.
- (9) In this section “asset” means—
- (a) any asset within the meaning of section 203F; or
  - (b) any non-cash voucher, credit-token or cash voucher (as defined for the purposes of section 141, 142 or, as the case may be, 143).
- (10) Expressions used in this section and in any of sections 135 and 140A to 140H have the same meanings in this section as in that section, and any reference in this section to—
- (a) an event falling within subsection (4)(a) or (b) of section 140A, or
  - (b) an event falling within subsection (3) of section 140D,
- includes a reference to an event which is treated for the purposes of that section as such an event by virtue of section 140A(8) or 140F(1).]

#### Textual Amendments

- F1** S. 203FB inserted (with effect in accordance with s. 67(2) of the amending Act) by Finance Act 1998 (c. 36), s. 67(1) (with s. 67(3))

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- F2** Words in s. 203FB(2)(3) substituted (28.7.2000 with application in accordance with s. 56(2) of the amending Act) by Finance Act 2000 (c. 17), s. 56(2)(a)
- F3** S. 203FB(6A) inserted (28.7.2000 with application in accordance with s. 56(2) of the amending Act) by Finance Act 2000 (c. 17), s. 56(2)(b)
- F4** Words in s. 203FB(7) substituted (28.7.2000 with application in accordance with s. 56(2) of the amending Act) by Finance Act 2000 (c. 17), s. 56(2)(c)

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**Modifications etc. (not altering text)**

- C1** S. 203FB(6A) modified (11.5.2001) by Social Security Contributions (Share Options) Act 2001 (c. 20), s. 4(4)

**Status:**

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