



# Taxation of Chargeable Gains Act 1992

## 1992 CHAPTER 12

### PART IV

SHARES, SECURITIES, OPTIONS ETC.

### CHAPTER I

GENERAL

*Deep discount securities, the accrued income scheme etc.*

#### **[<sup>F1</sup>119A Increase in expenditure by reference to tax charged in relation to employment-related securities**

- (1) This section applies to a disposal of an asset consisting of employment-related securities if the disposal—
  - (a) is an event giving rise to a relevant income tax charge, or
  - (b) is the first disposal after an event, other than a disposal, giving rise to a relevant income tax charge.
- (2) Section 38(1)(a) applies as if the relevant amount had formed part of the consideration given by the person making the disposal for his acquisition of the employment-related securities.
- (3) For the purposes of this section an event gives rise to a relevant income tax charge if it results in an amount counting as employment income [<sup>F2</sup>in respect of the employment-related securities]—
  - (a) under section 426 of ITEPA 2003 (restricted securities),
  - (b) under section 438 of ITEPA 2003 by virtue of section 439(3)(a) of that Act (conversion of convertible securities),
  - (c) under section 446U of ITEPA 2003 (securities acquired for less than market value: discharge of notional loan),

*Status: Point in time view as at 01/03/2012. This version of this provision has been superseded.*

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- [<sup>F3</sup>(ca) under section 447 of ITEPA 2003 (receipt of benefit) in a case where the benefit is an increase in the market value of the employment-related securities,]
- (d) under section 476 of ITEPA 2003 by virtue of section 477(3)(a) of that Act (acquisition of securities pursuant to employment-related securities option), [<sup>F4</sup>or—
- (e) under subsection (3) of section 21 of the Finance Act 2005 (transitional charge in relation to shares in spin-out companies) by virtue of subsection (4)(b) of that section (election by employee).]

<sup>F5</sup> .....

- (4) For the purposes of this section “the relevant amount” is the aggregate of the amounts counting as employment income as mentioned in subsection (3) above by reason of events occurring—
  - (a) not later than the disposal, and
  - (b) where this section has applied to an earlier disposal of the employment-related securities, after the last disposal to which this section applied.

- [<sup>F6</sup>(5) In determining for the purposes of subsection (4) the amount counting as employment income—
  - (a) in the case of an amount counting as employment income under section 476 of ITEPA 2003 any amounts deducted under section 480(5)(a)[<sup>F7</sup>, (b) or (d)] of that Act shall be added back, and
  - (b) no account shall be taken of any relief under section 428A, 442A, 481 or 482 of that Act (relief for secondary Class 1 contributions or special contribution met by employee).]

[ See also section 119B (unremitted foreign securities income) [<sup>F9</sup>and section 119C <sup>F8</sup>(5A) (unremitted Part 7A income)].]

- (6) Where securities or interests in securities cease to be employment-related securities—
  - (a) by reason of subsection (6) of section 421B of ITEPA 2003 in circumstances in which, immediately before the employee’s death, the employment-related securities are held otherwise than by the employee, or
  - (b) by reason of subsection (7) of that section,
 they are to be regarded for the purposes of this section as remaining employment-related securities until the next occasion on which they are disposed of.

- (7) In this section—
  - “employment-related securities”, and
  - “employee”, in relation to employment-related securities,
 have the same meaning as in Chapters 1 to 4 of Part 7 of ITEPA 2003.

<sup>F10</sup>(8) .....

**Textual Amendments**

**F1** S. 119A inserted (with effect in accordance with Sch. 22 para. 50(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 22 para. 50\(1\)](#)

**F2** Words in s. 119A(3) inserted (with effect in accordance with s. 22(4) of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [s. 22\(2\)\(a\)](#)

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- F3** S. 119A(3)(ca) substituted for word following s. 119A(3)(c) (with effect in accordance with s. 22(4) of the amending Act) by [Finance Act 2005 \(c. 7\)](#), **s. 22(2)(b)**
- F4** S. 119A(3)(e) and preceding word inserted (with effect in accordance with s. 22(4) of the amending Act) by [Finance Act 2005 \(c. 7\)](#), **s. 22(2)(c)**
- F5** Words in s. 119A(3) repealed (with effect in accordance with s. 22(4) of the amending Act) by [Finance Act 2005 \(c. 7\)](#), s. 22(2)(d), **Sch. 11 Pt. 2(2)**
- F6** S. 119A(5) substituted (1.9.2004) by [Finance Act 2004 \(c. 12\)](#), s. 85(2), **Sch. 16 para. 6(2)** (with [Sch. 16 para. 6\(4\)](#)); S.I. 2004/1945, art. 2
- F7** Words in s. 119A(5)(a) substituted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 2 para. 49(2)(a)**
- F8** S. 119A(5A) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 63**
- F9** Words in s. 119A(5A) inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 2 para. 49(2)(b)**
- F10** S. 119A(8) repealed (1.9.2004) by [Finance Act 2004 \(c. 12\)](#), s. 85(2), [Sch. 16 para. 6\(3\)](#), **Sch. 42 Pt. 2(10)** (with [Sch. 16 para. 6\(4\)](#)); S.I. 2004/1945, art. 2

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