



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.

[^{F1}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 [^{F2}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Status: Point in time view as at 06/04/2015.

Changes to legislation: Taxation of Chargeable Gains Act 1992, Section 119A is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- [^{F3}(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), [^{F4}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).]

^{F5}

- (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.

- [^{F6}(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)[^{F7}, (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 ([^{F9}unchargeable, and unremitted chargeable, foreign securities ^{F8}(5A) income]) [^{F10}and section 119C (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.

^{F11}(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) substituted (with effect in accordance with Sch. 9 para. 48 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 9 paras. 23, 47**
- F10** 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)**
- F11** 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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