

SCHEDULES

SCHEDULE 8

EMPLOYEE SHARE OWNERSHIP PLANS

PART X

INCOME TAX

PAYE: capital receipts

- 96 (1) Where the trustees receive a sum of money which constitutes (or forms part of) a capital receipt in respect of which a participant is chargeable to income tax under Schedule E, in accordance with this Part of this Schedule, when it is received by him—
- (a) the trustees shall pay out of that sum of money to the employer company an amount equal to that on which income tax is so payable, and
 - (b) the employer company shall then pay over that amount to the participant, but in so doing shall make a PAYE deduction.
- This is subject to sub-paragraph (3).
- (2) For the purposes of this paragraph “the employer company” means the company—
- (a) of which the participant is an employee at the time the trustees receive the sum of money referred to in sub-paragraph (1), and
 - (b) to whom the PAYE regulations (within the meaning of section 203L(3) of the Taxes Act 1988) at that time apply.
- (3) Where the trustees receive a sum of money to which sub-paragraph (1) applies but—
- (a) there is no company which falls within sub-paragraph (2), or
 - (b) the Inland Revenue are of the opinion that it is impracticable for the company which falls within that sub-paragraph to make a PAYE deduction and accordingly direct that this sub-paragraph shall apply,
- then, in paying over to the participant the capital receipt, the trustees shall make a PAYE deduction in respect of an amount equal to that on which income tax is payable as mentioned in sub-paragraph (1) as if the participant were a former employee of the trustees.
- (4) In a case where sub-paragraph (3) applies, section 203C of the Taxes Act 1988 (PAYE: employee of non-UK employer) does not apply.
- (5) For the purposes of this paragraph “PAYE deduction” means a deduction required by regulations under section 203 of the Taxes Act 1988.