



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

[^{F1}EMPLOYMENT INCOME: INCOME AND EXEMPTIONS RELATING TO SECURITIES]

[^{F1}CHAPTER 4

POST-ACQUISITION BENEFITS FROM SECURITIES

Textual Amendments

F1 Pt. 7 Ch. 4 (ss. 447-450) substituted for Pt. 7 Ch. 4 (ss. 447-470) (16.4.2003 with effect in accordance with Sch. 22 para. 9(2)-(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 22 para. 9\(1\)](#)

447 Charge on other chargeable benefits from securities

- (1) This Chapter applies if an associated person receives a benefit [^{F2}in connection with employment-related securities] .
- (2) The taxable amount determined under section 448 counts as employment income of the employee for the relevant tax year.
- (3) The “relevant tax year” is the tax year in which the benefit is received.
- (4) [^{F3}If the benefit is otherwise chargeable to income tax this section does not apply unless something has been done which affects the employment-related securities as part of a scheme or arrangement the main purpose (or one of the main purposes) of which is the avoidance of tax or national insurance contributions.]
- (5) This section is subject to section 449 (case outside this Chapter).

Status: Point in time view as at 27/01/2016.

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Textual Amendments

- F2** Words in s. 447(1) substituted (with effect in accordance with Sch. 2 para. 18(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 2 para. 18(2)**
- F3** S. 447(4) substituted (with effect in accordance with Sch. 2 para. 18(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 2 para. 18(3)**

448 Amount of charge

The taxable amount for the purposes of section 447 (charge on other chargeable benefits) is the amount or market value of the benefit.

449 Case outside this Chapter

- (1) This Chapter does not apply if—
- (a) the employment-related securities are shares (or an interest in shares) in a company of a class,
 - (b) a similar benefit is received by the owners of all the company’s shares of the class,
 - ^{F4}(ba) subsection (1A) is satisfied,] and
 - (c) subsection (2) or (3) is satisfied.

^{F5}(1A) This subsection is satisfied unless something which affects the employment-related securities has been done as part of a scheme or arrangement the main purpose (or one of the main purposes) of which is the avoidance of tax or national insurance contributions.]

- (2) This subsection is satisfied if, immediately before the receipt of the benefit, the company is employee-controlled by virtue of holdings of shares of the class.
- (3) This subsection is satisfied if, immediately before the receipt of the benefit, the majority of the company’s shares of the class are not ^{F6}employment-related securities.]

^{F7}(4)

Textual Amendments

- F4** S. 449(1)(ba) inserted (retrospective to 7.5.2004) by [Finance Act 2004 \(c. 12\)](#), ss. 86(2)(d)(3)(8), 86(1)
- F5** S. 449(1A) substituted (with effect in accordance with Sch. 2 para. 19(2) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 2 para. 19**
- F6** Words in s. 449(3) substituted (retrospective to 7.5.2004) by [Finance Act 2004 \(c. 12\)](#), ss. 86(2)(d)(5)(8), 86(1)
- F7** S. 449(4) repealed (with effect in accordance with s. 86(8) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 2(11)**

450 Definitions

- (1) In this Chapter—
- “interest”, in relation to shares, and
- “shares”,

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have the meaning indicated in section 420(8).

(2) In this Chapter “market value” has the meaning indicated in section 421(1).

(3) In this Chapter—

“the employee” (except in section 449), and

“employment-related securities”,

have the meaning indicated in section 421B(8).

(4) In this Chapter “associated person” has the meaning indicated in section 421C.

(5) In this Chapter—

“associated company”, and

“employee-controlled”,

have the meaning indicated in section 421H.]

Tax charge where restrictions or rights varied

^{F1}451 Amount of charge

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^{F1}452 Cases outside charge under section 449

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Modifications etc. (not altering text)

C1 S. 452(1) applied (with effect in accordance with s. 21(1) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 21\(2\)](#)

C2 S. 452(2)(a) applied (with effect in accordance with s. 21(1) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 21\(2\)](#)

C3 S. 452(2)(c)(d) applied (with effect in accordance with s. 21(1) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 21\(2\)](#)

C4 S. 452(2)(c)(d) applied (with effect in accordance with s. 21(1) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 21\(2\)](#)

Tax charge on increase in value of shares of dependent subsidiaries

^{F1}453 Charge on increase in value of shares of dependent subsidiary

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^{F1}454 Chargeable increases

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^{F1}455 Amount of charge

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^{F1}456 Cases outside charge under section 453

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Tax charge on other benefits from shares

^{F1}457 Charge on other chargeable benefits from shares

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^{F1}458 Chargeable benefits

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^{F1}459 Amount of charge

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^{F1}460 Cases outside charge under section 457

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Supplementary provisions

^{F1}461 Related acquisitions of additional shares

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^{F1}462 Company reorganisations etc.

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^{F1}463 Disposals of shares to connected persons etc. ignored

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^{F1}464 Application to interests in shares

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^{F1}465 Duty to notify acquisitions of shares or interests in shares

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^{F1}466 Duty to notify chargeable events and chargeable benefits

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Interpretation

- ^{F1}467** **Meaning of “dependent subsidiary”**
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- ^{F1}468** **Meaning of “employee-controlled”**
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- ^{F1}469** **Shares “held by outside shareholders”**
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- ^{F1}470** **Minor definitions**
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