



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 7 **U.K.**

#### EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

### CHAPTER 6 **U.K.**

#### APPROVED SHARE INCENTIVE PLANS

##### *Tax advantages connected with award of shares*

#### **490 No charge on award or acquisition of shares: general **U.K.****

- (1) This section applies—
- (a) on the award to an employee of free, matching or partnership shares under the plan, or
  - (b) on the acquisition on behalf of an employee of dividend shares under the plan.
- (2) The employee is not liable to income tax on the value of the beneficial interest in the shares that passes to the employee at the time of the award or acquisition.

#### **491 No charge on award of shares as taxable benefit **U.K.****

An employee is not liable to income tax by virtue of Chapter 8 of Part 3 (taxable benefits: notional loans in respect of acquisitions of shares) in respect of an award of shares to the employee under the plan.

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*Status: Point in time view as at 06/04/2003.*

*Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Tax advantages connected with award of shares is up to date with all changes known to be in force on or before 15 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)*

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**492 No charge on partnership share money deducted from salary U.K.**

- (1) An employee is not liable to income tax under Part 2 on any amount of the employee's salary which is deducted as partnership share money under a partnership share agreement.
- (2) But the deduction of partnership share money is to be disregarded for the purpose of ascertaining—
  - (a) the amount of the employee's remuneration for the purposes of Chapter 1 of Part 14 of ICTA (retirement benefit schemes), or
  - (b) the amount of the employee's relevant earnings for the purposes of Chapter 3 or 4 of that Part of that Act (retirement annuities or personal pension schemes).

**493 No charge on acquisition of dividend shares U.K.**

- (1) A participant is not liable to income tax on the amount applied by the trustees in acquiring dividend shares on behalf of the participant.
- (2) The participant has no entitlement to a tax credit in respect of the amount so applied.
- (3) Section 234A(4) of ICTA (information relating to distributions to be provided by nominee) does not apply to any amount applied by the trustees in acquiring dividend shares on behalf of a participant.
- (4) Subsections (1) and (2) do not affect—
  - (a) any charge under section 68B(2) or 251C(1) of ICTA (charge under Case V of Schedule D or Schedule F on dividend shares ceasing to be subject to plan), or
  - (b) any entitlement to a tax credit in respect of the amount so charged.
- (5) Subsection (3) is subject to paragraph 80(4)(c) of Schedule 2 (information required where dividend shares cease to be subject to plan).

**Status:**

Point in time view as at 06/04/2003.

**Changes to legislation:**

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