

Status: Point in time view as at 01/08/2014.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Part 4 is up to date with all changes known to be in force on or before 12 June 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)

SCHEDULES

SCHEDULE 2

^{F1} ... SHARE INCENTIVE PLANS

Textual Amendments

- F1** Word in Sch. 2 title omitted (6.4.2014) by virtue of Finance Act 2014 (c. 26), Sch. 8 paras. 14, 89 (with Sch. 8 paras. 90-96)

PART 4

TYPES OF SHARES THAT MAY BE AWARDED

Types of share that may be awarded: introduction

- 25 (1) The requirements of the following paragraphs must be met with respect to any shares that may be awarded under a SIP—
- paragraph 26 (shares must be part of ordinary share capital of certain companies),
 - paragraph 27 (requirement as to listing etc.),
 - paragraph 28 (shares must be fully paid up and not redeemable), [^{F1}and]
 - paragraph 29 (prohibited shares)
- ^{F2}
...
- (2) In this Part of this Schedule “eligible shares” means shares that may be awarded under the plan.

Textual Amendments

- F1** Word in Sch. 2 para. 25(1) inserted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by Finance Act 2013 (c. 29), Sch. 2 para. 47(a)
- F2** Words in Sch. 2 para. 25(1) omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of Finance Act 2013 (c. 29), Sch. 2 para. 47(b)

Shares must be part of ordinary share capital of certain companies

- 26 Eligible shares must form part of the ordinary share capital of—
- (a) the company,
 - (b) a company which has control of the company, or
 - (c) a company which either is, or has control of, a company which is a member of a consortium owning either the company or a company having control of the company.

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Requirement as to listing etc.

- 27 (1) Eligible shares must be—
- (a) shares of a class listed on a recognised stock exchange,
 - (b) shares in a company which is not under the control of another company, or
 - (c) shares in a company which is under the control of a listed company.
- (2) A “listed company” is a company whose shares are listed on a recognised stock exchange, other than—
- (a) a close company, or
 - (b) a company that would be a close company if resident in the United Kingdom.

Shares must be fully paid up and not redeemable

- 28 (1) Eligible shares must be—
- (a) fully paid up, and
 - (b) not redeemable.
- (2) For the purposes of sub-paragraph (1)(a) shares are not to be regarded as fully paid up if there is an undertaking to pay cash at a future date to the company whose shares they are.
- (3) For the purposes of sub-paragraph (1)(b) “redeemable” shares include shares that may become redeemable at a future date.
- (4) Sub-paragraph (1)(b) does not apply to shares in [^{F3}a registered co-operative society].
- [^{F4}(5) In sub-paragraph (4) “registered co-operative society” means—
- (a) a society registered as a co-operative society under the Co-operative and Community Benefit Societies Act 2014,
 - (b) a pre-commencement society (within the meaning of that Act) that is a co-operative society within the meaning of section 2 of that Act,
 - (c) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 that is a co-operative society within the meaning of section 1 of that Act , or
 - (d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.]

Textual Amendments

- F3** Words in Sch. 2 para. 28(4) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 82\(2\)](#) (with Sch. 5)
- F4** Sch. 2 para. 28(5) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 82\(3\)](#) (with Sch. 5) (as amended by [Finance Act 2014 \(c. 26\), Sch. 39 paras. 8, 15](#))

Prohibited shares

- 29 (1) Eligible shares must not be shares in—
- (a) a service company, or
 - (b) a company that—
 - (i) has control of a service company, and

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- (ii) is under the control of a person or persons who fall within sub-paragraph (2)(b)(i) or (ii) as it applies to a service company.
- (2) For the purposes of this paragraph a company is a “service company” if—
- (a) the business carried on by it consists substantially in the provision of the services of persons employed by it, and
 - (b) the majority of those services are provided to—
 - (i) a person who has control of the company,
 - (ii) two or more persons who together have control of the company, or
 - (iii) a company associated with the company.
- (3) For the purposes of sub-paragraph (2)(b)(iii) a company is associated with another company if both companies are under the control of the same person or persons.
- (4) For the purposes of sub-paragraphs (1) to (3)—
- (a) a partnership is to be treated as a single person; and
 - (b) where a partner (alone or together with others) has control of a company, the partnership is to be treated as having (in the same way) control of that company.
- (5) For the purposes of this paragraph the question whether a person controls a company is to be determined in accordance with [F5 sections 450 and 451 of CTA 2010].

Textual Amendments

F5 Words in Sch. 2 para. 29(5) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 396\(3\)](#) (with [Sch. 2](#))

Only certain kinds of restriction allowed

F630

Textual Amendments

F6 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 48](#)

Permitted restrictions: voting rights

F631

Textual Amendments

F6 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 48](#)

Permitted restrictions: provision for forfeiture

F632

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Textual Amendments

F6 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 48](#)

Permitted restrictions: pre-emption conditions

F633

Textual Amendments

F6 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 48](#)

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