
Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Partnership shares: introduction 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) View outstanding changes

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 6

PARTNERSHIP SHARES

Partnership shares: introduction

- 43 (1) If a SIP provides for partnership shares, the following paragraphs apply—
- paragraph 44 (partnership share agreements),
 - paragraph 45 (deductions from salary),
 - paragraph 46 (maximum amount of deductions),
 - paragraph 47 (minimum amount of deductions),
 - paragraph 48 (notice of possible effect of deductions on benefit entitlement),
 - paragraph 49 (partnership share money held for employee),
 - paragraph 50 (application of money deducted where no accumulation periods),
 - paragraph 51 (accumulation periods),
 - paragraph 52 (application of money deducted in accumulation period),
 - paragraph 53 (restriction on number of shares awarded),
 - paragraph 54 (stopping and re-starting deductions),
 - paragraph 55 (withdrawal from partnership share agreement),
 - paragraph 56 (repayment of partnership share money on withdrawal of approval or termination), and
 - paragraph 57 (access to partnership shares).
- (2) The plan must meet any plan requirements contained in those paragraphs.
- [^{F1}(2A) The plan must provide that partnership shares are not to be subject to any provision for forfeiture.]
- [^{F2}(2B) Partnership shares may (notwithstanding sub-paragraph (2A) if relevant) be subject to provision requiring partnership shares acquired on behalf of an employee to be offered for sale but only if the requirement of sub-paragraph (2C) is met.
- (2C) The consideration at which the shares are required to be offered for sale must be at least equal to—

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- (a) the amount of partnership share money applied in acquiring the shares on behalf of the employee, or
 - (b) if lower, the market value of the shares at the time they are offered for sale.]
- (3) References in the SIP code to the trustees acquiring partnership shares on behalf of an employee include their appropriating to an employee shares already held by them.
- (4) In the SIP code references to an employee’s “salary” are to be read as follows—
- (a) in the case of an individual within the scope of the charge to tax under Part 2 of this Act, they are to be read as references to such of the earnings of the eligible employment—
 - (i) as are liable to be paid under deduction of tax under PAYE regulations, after deducting any amounts included by virtue of the benefits code, or
 - (ii) as would be liable to be so paid apart from the SIP code;
 - (b) in the case of an individual not within the scope of the charge to tax under Part 2 of this Act, they are to be read as references to such of the earnings of the eligible employment as would have fallen within sub-paragraph (i) or (ii) of paragraph (a) if the individual had been within the scope of that charge to tax.
- (5) In sub-paragraph (4) “the eligible employment” means the employment by reference to which the employee is eligible to participate in the plan.

Textual Amendments

- F1** Sch. 2 para. 43(2A) inserted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 2 para. 50**
- F2** Sch. 2 para. 43(2B)(2C) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 23, 89** (with [Sch. 8 paras. 90-96](#))

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)