



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 3

CONVERTIBLE SHARES

Introduction

435 Application of this Chapter

- (1) This Chapter applies where a person (“the employee”)—
 - (a) has acquired convertible shares or an interest in such shares in a company, and
 - (b) did so as a director or employee of that or another company.
- (2) For the purposes of this Chapter shares are “convertible” if—
 - (a) they confer on the holder an immediate or conditional entitlement to convert them into shares of a different class, or
 - (b) they are held on terms that authorise or require the grant of such an entitlement to the holder if certain circumstances arise, or do not arise.
- (3) The references, in relation to the terms of a person’s entitlement, to circumstances arising include references to—
 - (a) the expiry of a period specified in or determined under those terms,
 - (b) the death of that or any other person, and
 - (c) the exercise by any person of a power conferred on that person by or under those terms.

Status: This is the original version (as it was originally enacted).

(4) In this Chapter—

“the employer company” means the company as a director or employee of which the employee acquired the convertible shares or the interest in them, and

“the shares” means the shares mentioned in subsection (1)(a);
and “director” and “employee” have the extended meaning given by section 446(1).