



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

EMPLOYMENT INCOME: SHARE-RELATED INCOME AND EXEMPTIONS

CHAPTER 5

SHARE OPTIONS

Receipt of share option

475 Value of longer-term option for purposes of liability to tax in respect of receipt

- (1) This section applies if the share option can be exercised after the tenth anniversary of the date on which it was obtained.
- (2) For the purposes of any liability to tax by virtue of Chapter 1 of Part 3 (earnings) in respect of the receipt of the share option, the value of the option is taken to be—

$$MV - C$$

where—

MV is the higher of—

- (a) the market value at the time the share option is obtained of the shares that are the subject of the share option, and
- (b) the market value at that time of any shares for which those shares may be exchanged, and

C is—

- (a) the amount or value of the consideration for which the shares that are the subject of the share option may be acquired, or

Status: *This is the original version (as it was originally enacted).*

- (b) if that consideration is variable, the least amount or value of the consideration for which they may be acquired.
- (3) In this section “market value” has the same meaning as it has for the purposes of TCGA 1992 by virtue of Part 8 of that Act.