



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 7

[<sup>F1</sup>EMPLOYMENT INCOME: INCOME AND EXEMPTIONS RELATING TO SECURITIES]

### [<sup>F1</sup>CHAPTER 5

#### SECURITIES OPTIONS

##### *Tax charge on post-acquisition chargeable events*

#### [<sup>F1</sup>480 Deductible amounts

- (1) This section applies for the purposes of section 478 (amount of charge on occurrence of chargeable event).
- (2) The amount of—
  - (a) any consideration given for the acquisition of the employment-related securities option, and
  - (b) the amount of any expenses incurred in connection with the acquisition of securities, assignment, release or receipt which constitutes the chargeable event,is a deductible amount.
- (3) Where in consequence of—
  - (a) the acquisition of the employment-related securities option,
  - (b) the acquisition of securities pursuant to the employment-related securities option, or

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- (c) a transaction of which the acquisition of the employment-related securities option or the acquisition of securities pursuant to the employment-related securities option forms part,

there is a reduction in the market value of any employment-related securities to which an associated person is beneficially entitled, the amount of the reduction is to be treated for the purposes of subsection (2) as consideration (or additional consideration) given for the acquisition of the employment-related securities option.

- (4) If an amount counts as employment income of the employee under section 526 (<sup>F2</sup>... CSOP schemes: charge where option granted at a discount) in respect of the employment-related securities option, so much of that amount as is attributable to the shares in question is a deductible amount.

- (5) The following are also deductible amounts—

- (a) any amount that constituted earnings from the employment under Chapter 1 of Part 3 (earnings) in respect of the acquisition of the employment-related securities option [<sup>F3</sup>(other than an amount of exempt income)],
- (b) any amount that was treated as earnings from the employment under Chapter 10 of that Part (taxable benefits: residual liability to charge) in respect of the acquisition of the employment-related securities option, <sup>F4</sup> ...
- (c) the amount of any gain by a previous holder on an assignment of the employment-related securities option which would have been a deductible cost by virtue of subsection (2)(c) of section 479 (as originally enacted) on an exercise of the option at a time when that section was in force<sup>F5</sup>, and
- (d) any amount that has counted as employment income of the employee in respect of the employment under Chapter 2 of Part 7A in relation to the employment-related securities option or to any sum of money or asset held solely for the purposes of the option.]

[<sup>F6</sup>(5A) In subsection (5)(a) the reference to an amount of exempt income, in a case in which the amount that constituted earnings in respect of the acquisition was not an amount of general earnings to which any of the charging provisions of Chapters 4 and 5 of Part 2 applied, includes any amount that would have been an amount of exempt income if any of those charging provisions had applied.]

- (6) If there has been a previous chargeable event in relation to the employment-related securities option (or if section 476 or 477 as originally enacted applied to the option by virtue of an earlier event), so much of any deductible amount as was deducted in calculating the taxable amount on the occasion of that event is to be regarded as not being a deductible amount.

<sup>F7</sup>(7) . . . . .]

#### Textual Amendments

- F1** Pt. 7 Ch. 5 substituted (16.4.2003 for specified purposes and otherwise 1.9.2003 with effect in accordance with Sch. 22 para. 10(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 22 para. 10\(1\)](#); S.I. 2003/1997, art. 2
- F2** Word in s. 480(4) omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 8 paras. 197, 204](#) (with [Sch. 8 paras. 205-215](#))
- F3** Words in s. 480(5)(a) inserted (with effect in accordance with s. 49(11) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 49\(6\)](#)

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- F4** Word in s. 480(5) omitted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 25\(a\)](#)
- F5** S. 480(5)(d) and word inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 25\(b\)](#)
- F6** [S. 480\(5A\)](#) inserted (with effect in accordance with Sch. 9 para. 48 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 9 paras. 15, 47](#)
- F7** S. 480(7) repealed (1.9.2004) by [Finance Act 2004 \(c. 12\)](#), s. 85(2), [Sch. 16 para. 3\(3\)](#), [Sch. 42 Pt. 2\(10\)](#); S.I. 2004/1945, art. 2

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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\(4\)](#)