



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 7

[^{F1}EMPLOYMENT INCOME: INCOME AND EXEMPTIONS RELATING TO SECURITIES]

CHAPTER 6

^{F1} ... SHARE INCENTIVE PLANS

Introduction

488 ^{F1} ... Share incentive plans (SIPs)

(1) This Chapter provides—

- ^{F2}(a)
- (b) for exemptions from income tax in connection with shares obtained under [^{F3}share incentive plans (“SIPs”) which are Schedule 2 SIPs],
- (c) for amounts to count as employment income in certain circumstances in connection with such plans, and
- (d) for the making of PAYE deductions in connection with such amounts.

^{F4}(2)

(3) The provisions of—

- (a) this and the following sections of this Chapter,
- (b) Schedule 2, and
- (c) the provisions mentioned in section 515 (tax advantages and charges under other Acts),

together constitute “the SIP code”.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 488 is up to date with all changes known to be in force on or before 23 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*

(4) In the SIP code—

F5
...

“PAYE deduction” means a deduction required by PAYE regulations;

[^{F6}“Schedule 2 SIP” is to be read in accordance with paragraph 1 and Part 10 of Schedule 2;]

a “share incentive plan” (or “SIP” for short) means a plan established by a company providing—

- (a) for shares to be appropriated to employees without payment (“free shares”), or
- (b) for shares to be acquired on behalf of employees out of sums deducted from their salary (“partnership shares”).

(5) Other expressions used in the SIP code and contained in the index at the end of Schedule 2 have the meaning indicated by the index.

Textual Amendments

- F1** Word in s. 488 heading omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 3(2)**, 89 (with [Sch. 8 paras. 90-96](#))
- F2** S. 488(1)(a) omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 3(3)(a)**, 89 (with [Sch. 8 paras. 90-96](#))
- F3** Words in s. 488(1)(b) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 3(3)(b)**, 89 (with [Sch. 8 paras. 90-96](#))
- F4** S. 488(2) omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 3(4)**, 89 (with [Sch. 8 paras. 90-96](#))
- F5** Words in s. 488(4) omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 3(5)(a)**, 89 (with [Sch. 8 paras. 90-96](#))
- F6** Words in s. 488(4) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 3(5)(b)**, 89 (with [Sch. 8 paras. 90-96](#))

Changes to legislation:

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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\(4\)](#)