



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 7

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

### CHAPTER 9

#### ENTERPRISE MANAGEMENT INCENTIVES

#### *Tax advantages where disqualifying events*

#### **536 Other disqualifying events**

- (1) The following are also disqualifying events in relation to a qualifying option—
  - (a) any variation of the terms of the option whose effect is either—
    - (i) to increase the market value of the shares that are the subject of the option, or
    - (ii) that the requirements of Schedule 5 would no longer be met in relation to the option;
  - (b) any alteration to the share capital of the relevant company—
    - (i) to which subsection (2) (share values affected by alteration of rights or restrictions) of section 537 applies, and
    - (ii) whose effect is that the requirements of Schedule 5 would no longer be met in relation to the option;
  - (c) any alteration to the share capital of the relevant company to which—
    - (i) subsection (2) (share values affected by alteration of rights or restrictions), and
    - (ii) subsection (3) (alteration designed to increase share values),

---

**Changes to legislation:** *Income Tax (Earnings and Pensions) Act 2003, Section 536 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*

---

of section 537 apply;

- (d) a conversion of any of the shares to which the option relates into shares of a different class, except in a case within section 538(2); and
- (e) the grant to the employee of a relevant CSOP option, if immediately after it is granted the employee holds unexercised employee options in respect of shares with a total value of more than [<sup>F1</sup>£250,000] .

(2) In subsection (1)(e)—

“relevant CSOP option”, and

“employee option”,

have the meaning given by section 539 (CSOP and other options relevant for purposes of this section); and sub-paragraphs (6) to (8) of paragraph 5 of Schedule 5 (determination of value of shares) apply for the purposes of subsection (1)(e) as they apply for the purposes of paragraph 5.

#### **Textual Amendments**

- F1** Word in s. 536(1)(e) substituted (16.6.2012) by [The Income Tax \(Limits for Enterprise Management Incentives\) Order 2012 \(S.I. 2012/1360\)](#), arts. 1, **2(2)(c)**

**Changes to legislation:**

Income Tax (Earnings and Pensions) Act 2003, Section 536 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.

[View outstanding changes](#)

**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\(4\)](#)