



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 11

PAY AS YOU EARN

CHAPTER 4

PAYE: SPECIAL TYPES OF INCOME

Supplemental

701 Meaning of “asset”

- (1) In this Chapter “asset” includes any property and in particular any investment of a kind specified in Part 3 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544).

This is subject to subsection (2).

- (2) In this Chapter “asset” does not include—
- (a) any payment actually made of, or on account of, PAYE income;
 - (b) ^{F1}... any cash voucher, non-cash voucher or credit-token;
 - (c) the following—
 - (i) any shares acquired by the employee (whether or not as a result of the exercise of a right to acquire shares) under a scheme approved under ^{F2}... ^{F3}... Schedule 9 to ICTA (approved profit sharing schemes),
 - [^{F4}(iza) any shares acquired by the employee under a scheme which is a Schedule 3 SAYE option scheme (see Schedule 3),]

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 701 is up to date with all changes known to be in force on or before 15 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*

[^{F5}(ia) any shares acquired by the employee [^{F6}under a scheme [^{F7}which is a Schedule 4 CSOP scheme (see Schedule 4)] in circumstances in which Condition A or B as set out in section 524(2) or (2A) is met;]]

^{F8}(ii)

(iii) any shares acquired by the employee as the result of the exercise of a right over shares obtained before 27th November 1996 [^{F9}where the avoidance of tax or national insurance contributions is not the main purpose (or one of the main purposes) of any arrangements under which the right was obtained or is exercised],

if the shares in question form part of the ordinary share capital of a company falling within subsection (3); or

(d) any description of property for the time being excluded from the scope of this section by PAYE regulations.

(3) A company falls within this subsection if it—

- (a) is the employer (“the employer company”);
- (b) has control of the employer company; or
- (c) either is, or has control of, a company which is a member of a consortium owning either the employer company or a company having control of the employer company.

[^{F10}(3A) Paragraph (c) of subsection (2) does not apply to shares after their acquisition as mentioned in that paragraph.]

(4) In this section “share” includes stock.

(5) For the purposes of this section a company is a member of a consortium owning another company if it is one of a number of companies which between them beneficially own not less than 75% of the other company’s ordinary share capital and each of which beneficially owns not less than 5% of that capital.

Textual Amendments

- F1** Words in s. 701(2)(b) repealed (1.9.2003) by [Finance Act 2003 \(c. 14\), Sch. 22 para. 14\(1\), Sch. 43 Pt. 3\(4\)](#); [S.I. 2003/1997, art. 2](#)
- F2** Words in s. 701(2)(c)(i) omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\), Sch. 8 paras. 138\(a\), 146](#) (with [Sch. 8 paras. 147-157](#))
- F3** Words in s. 701(2)(c)(i) repealed (with effect in accordance with Sch. 21 para. 18(5) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 21 para. 18\(2\), Sch. 43 Pt. 3\(3\)](#)
- F4** [S. 701\(2\)\(c\)\(iza\)](#) inserted (6.4.2014) by [Finance Act 2014 \(c. 26\), Sch. 8 paras. 138\(b\), 146](#) (with [Sch. 8 paras. 147-157](#))
- F5** [S. 701\(2\)\(c\)\(ia\)](#) inserted (with effect in accordance with Sch. 21 para. 18(5) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 21 para. 18\(3\)](#)
- F6** Words in s. 701(2)(c)(ia) substituted (18.6.2004 with effect in accordance with s. 88(11)-(13) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 88\(9\)\(a\)](#)
- F7** Words in s. 701(2)(c)(ia) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\), Sch. 8 paras. 202, 204](#) (with [Sch. 8 paras. 205-215](#))
- F8** [S. 701\(2\)\(c\)\(ii\)](#) repealed (18.6.2004 with effect in accordance with s. 88(11)-(13) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 88\(9\)\(b\), Sch. 42 Pt. 2\(11\)](#)
- F9** Words in s. 701(2)(c)(iii) inserted (18.6.2004 with effect in accordance with s. 88(11)-(13) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 88\(9\)\(c\)](#)

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Section 701 is up to date with all changes known to be in force on or before 15 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*

F10 S. 701(3A) inserted (18.6.2004 with effect in accordance with s. 88(11)-(13) of the amending Act) by Finance Act 2004 (c. 12), s. **88(10)**

Changes to legislation:

Income Tax (Earnings and Pensions) Act 2003, Section 701 is up to date with all changes known to be in force on or before 15 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\(4\)](#)