



Income Tax Act 2007

2007 CHAPTER 3

PART 9

SPECIAL RULES ABOUT SETTLEMENTS AND TRUSTEES

CHAPTER 5

SHARE INCENTIVE PLANS

489 “The applicable period” in relation to shares

- (1) This section sets out how the applicable period in relation to any shares (“the relevant shares”) is determined for the purposes of section 488.
- (2) The length of the applicable period depends on whether any shares in the relevant company were readily convertible assets at the time the relevant shares were acquired by the trustees.
- (3) If any were, the applicable period is the period of two years beginning with the acquisition date.
- (4) If none were, the applicable period is—
 - (a) the period of 5 years beginning with the acquisition date, or
 - (b) if within that period any shares in the relevant company become readily convertible assets, the period of two years beginning with the date on which they did so,whichever ends first.
- (5) Subsections (2) to (4) are subject to subsection (6).
- (6) If the relevant shares were acquired by the trustees by virtue of a payment in respect of which a deduction is allowed under [^{F1}section 989 of CTA 2009] (deduction for contribution to plan trust), the applicable period is the period of 10 years beginning with the acquisition date.

*Changes to legislation: There are currently no known outstanding effects
for the Income Tax Act 2007, Section 489. (See end of Document for details)*

(7) In this section—

“the acquisition date” means the date on which the trustees acquired the relevant shares,

“readily convertible assets” has, subject to subsection (8), the meaning given by sections 701 and 702 of ITEPA 2003, and

“the relevant company” means the company in which the relevant shares are shares.

(8) In determining for the purposes of this section whether shares are readily convertible assets, ignore any market for the shares that—

- (a) is created by virtue of the trustees acquiring shares for the purposes of the [F2Schedule 2] share incentive plan, and
- (b) exists solely for the purposes of that plan.

Textual Amendments

- F1** Words in s. 489(6) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 702** (with Sch. 2 Pts. 1, 2)
- F2** Words in s. 489(8)(a) substituted (6.4.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 8 paras. 72, 89** (with Sch. 8 paras. 90-96)

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 489.