

Status: Point in time view as at 06/04/2014.

Changes to legislation: Finance Act 2014, Cross Heading: Other amendments: ITTOIA 2005 is up to date with all changes known to be in force on or before 17 August 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)

SCHEDULES

SCHEDULE 8 U.K.

EMPLOYEE SHARE SCHEMES

PART 1 U.K.

SHARE INCENTIVE PLANS

Other amendments: ITTOIA 2005

- 53 Chapter 3 of Part 4 of ITTOIA 2005 (savings and investment income: dividends etc from UK resident companies) is amended as follows.
- 54 In section 382 (contents of Chapter 3) in subsection (1)(c) for “an approved” substitute “ a Schedule 2 ”.
- 55 In the cross-heading before section 392 for “*approved*” substitute “ *Schedule 2* ”.
- 56 In section 392 (SIP shares: introduction) in subsection (1) for “an approved” substitute “ a Schedule 2 ”.
- 57 (1) Section 394 (distribution when dividend shares cease to be subject to SIP) is amended as follows.
- (2) In subsection (1) for “an approved” substitute “ a Schedule 2 ”.
- (3) After subsection (3) insert—
- “(3A) But if the shares cease to be subject to the plan by virtue of a provision of the kind mentioned in paragraph 65(2) of Schedule 2 to ITEPA 2003 (provision requiring dividend shares to be offered for sale), the amount of the distribution treated as made is the amount equal to the relevant fraction of the market value of the shares at the time they are offered for sale if that amount is less than the amount given by subsection (3).
- (3B) For the purposes of subsection (3A) “the relevant fraction” is—

$$\frac{A}{B}$$

where—

A is so much of the amount of the cash dividend applied to acquire the shares on the participant's behalf as represents a cash dividend paid in respect of plan shares in a UK resident company, and

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B is the amount of the cash dividend applied to acquire the shares on the participant's behalf.

(3C) Paragraph 92(2) of Schedule 2 to ITEPA 2003 (market value of shares subject to a restriction) applies for the purposes of subsection (3A).”

(4) In subsection (7) for “approved” substitute “ Schedule 2 ”.

58 In section 395 (reduction in tax due in cases within section 394) in subsections (1) (b) and (4) for “approved” substitute “ Schedule 2 ”.

59 In section 396 (interpretation) in subsections (1) and (2) omit “approved”.

60 Chapter 4 of Part 4 of ITTOIA 2005 (savings and investment income: dividends etc from non-UK resident companies) is amended as follows.

61 In the cross-heading before section 405 for “*approved*” substitute “ *Schedule 2* ”.

62 (1) Section 405 (SIP shares: introduction) is amended as follows.

(2) In subsection (1) for “an approved” substitute “ a Schedule 2 ”.

(3) In subsections (3) and (4) omit “approved”.

63 (1) Section 407 (dividend payment when dividend shares cease to be subject to SIP) is amended as follows.

(2) In subsection (1) for “an approved” substitute “ a Schedule 2 ”.

(3) After subsection (3) insert—

“(3A) But if the shares cease to be subject to the plan by virtue of a provision of the kind mentioned in paragraph 65(2) of Schedule 2 to ITEPA 2003 (provision requiring dividend shares to be offered for sale), the amount of the dividend treated as paid is the amount equal to the relevant fraction of the market value of the shares at the time they are offered for sale if that amount is less than the amount given by subsection (3).

(3B) For the purposes of subsection (3A) “the relevant fraction” is—

$$\frac{A}{B}$$

where—

A is so much of the amount of the cash dividend applied to acquire the shares on the participant's behalf as represents a cash dividend paid in respect of plan shares in a non-UK resident company, and

B is the amount of the cash dividend applied to acquire the shares on the participant's behalf.

(3C) Paragraph 92(2) of Schedule 2 to ITEPA 2003 (market value of shares subject to a restriction) applies for the purposes of subsection (3A).”

(4) In subsection (5) for “approved” substitute “ Schedule 2 ”.

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- 64 In section 408 (reduction in tax due in cases within section 407) in subsections (1)
(b) and (3) for “approved” substitute “ Schedule 2 ”.
- 65 Chapter 9 of Part 6 of ITTOIA 2005 (exempt income) is amended as follows.
- 66 In the cross-heading before section 770 for “*Approved*” substitute “ *Schedule 2* ”.
- 67 (1) Section 770 (amounts applied by SIP trustees) is amended as follows.
- (2) In subsection (1)(a) for “an approved” substitute “ a Schedule 2 ”.
- (3) In subsections (5) and (6) omit “approved”.

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