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SCHEDULES

SCHEDULE 2

^{F1} ... SHARE INCENTIVE PLANS

Textual Amendments

- F1** Word in Sch. 2 title omitted (6.4.2014) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 8 paras. 14, 89](#) (with [Sch. 8 paras. 90-96](#))

PART 4

TYPES OF SHARES THAT MAY BE AWARDED

Types of share that may be awarded: introduction

- 25 (1) The requirements of the following paragraphs must be met with respect to any shares that may be awarded under a SIP—
- paragraph 26 (shares must be part of ordinary share capital of certain companies),
 - paragraph 27 (requirement as to listing etc.),
 - paragraph 28 (shares must be fully paid up and not redeemable), [^{F1}and]
 - paragraph 29 (prohibited shares)
- ^{F2}
...
- (2) In this Part of this Schedule “eligible shares” means shares that may be awarded under the plan.

Textual Amendments

- F1** Word in Sch. 2 para. 25(1) inserted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 47\(a\)](#)
- F2** Words in Sch. 2 para. 25(1) omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 47\(b\)](#)

Shares must be part of ordinary share capital of certain companies

- 26 Eligible shares must form part of the ordinary share capital of—
- (a) the company,
 - (b) a company which has control of the company, or
 - (c) a company which either is, or has control of, a company which is a member of a consortium owning either the company or a company having control of the company.

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Requirement as to listing etc.

- 27 (1) Eligible shares must be—
- (a) shares of a class listed on a recognised stock exchange,
 - (b) shares in a company which is not under the control of another company, ^{F3}...
 - [^{F4}(ba) shares in a company which is subject to an employee-ownership trust, or]
 - (c) shares in a company which is under the control of a listed company.
- (2) A “listed company” is a company whose shares are listed on a recognised stock exchange, other than—
- (a) a close company, or
 - (b) a company that would be a close company if resident in the United Kingdom.
- [^{F5}(3) But a company is not a close company for the purposes of sub-paragraph (2) if it is subject to an employee-ownership trust.
- (4) A company (“C”) is “subject to an employee-ownership trust” if—
- (a) C meets the trading requirement set out in section 312D,
 - (b) C meets the indirect employee-ownership requirement,
 - (c) neither C, nor any other company which is a member of the same group of companies as C, is a service company, and
 - (d) C is not under the control of another company (ignoring for this purpose another company acting in its capacity as the trustee of the settlement by virtue of which C meets the indirect employee-ownership requirement).
- (5) Section 312E (the indirect employee-ownership requirement) applies for the purposes of sub-paragraph (4), subject to the following modifications—
- (a) subsection (3) of that section has effect as if—
 - (i) the words “during the qualifying period” were omitted, and
 - (ii) in paragraph (a) for “10 December 2013” there were substituted “1 October 2014”, and
 - (b) subsection (4) has effect as if for paragraph (b) there were substituted—
 - “(b) section 236L of that Act applies as if the reference in subsection (1)(c) of that section to the period of 12 months ending with the time in question were a reference to any time on or after 1 October 2014.”
- (6) Section 312G (meaning of “service company”) applies for the purposes of sub-paragraph (4)(c), subject to the following modifications—
- (a) in subsection (3)(b), the reference to the company which makes the payment is to be read as a reference to C,
 - (b) in subsection (4)(a), the reference to the time the payment is made is to be read as a reference to any time, and
 - (c) in subsection (4)(b), the reference to any time before the time the payment is made is to be read as a reference to any time.]

Textual Amendments

F3 Word in Sch. 2 para. 27(1)(b) omitted (1.10.2014) by virtue of Finance Act 2014 (c. 26), Sch. 37 para. 19(2)(4)

F4 Sch. 2 para. 27(1)(ba) inserted (1.10.2014) by Finance Act 2014 (c. 26), Sch. 37 para. 19(2)(4)

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F5 Sch. 2 para. 27(3)-(6) inserted (1.10.2014) by Finance Act 2014 (c. 26), Sch. 37 para. 19(3)(4)

Shares must be fully paid up and not redeemable

- 28 (1) Eligible shares must be—
- (a) fully paid up, and
 - (b) not redeemable.
- (2) For the purposes of sub-paragraph (1)(a) shares are not to be regarded as fully paid up if there is an undertaking to pay cash at a future date to the company whose shares they are.
- (3) For the purposes of sub-paragraph (1)(b) “redeemable” shares include shares that may become redeemable at a future date.
- (4) Sub-paragraph (1)(b) does not apply to shares in [^{F6}a registered co-operative society].
- [^{F7}(5) In sub-paragraph (4) “registered co-operative society” means—
- (a) a society registered as a co-operative society under the Co-operative and Community Benefit Societies Act 2014,
 - (b) a pre-commencement society (within the meaning of that Act) that is a co-operative society within the meaning of section 2 of that Act,
 - (c) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 that is a co-operative society within the meaning of section 1 of that Act, or
 - (d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.]

Textual Amendments

- F6** Words in Sch. 2 para. 28(4) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, Sch. 4 para. 82(2) (with Sch. 5)
- F7** Sch. 2 para. 28(5) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, Sch. 4 para. 82(3) (with Sch. 5) (as amended by Finance Act 2014 (c. 26), Sch. 39 paras. 8, 15)

Prohibited shares

- 29 (1) Eligible shares must not be shares in—
- (a) a service company, or
 - (b) a company that—
 - (i) has control of a service company, and
 - (ii) is under the control of a person or persons who fall within sub-paragraph (2)(b)(i) or (ii) as it applies to a service company.
- (2) For the purposes of this paragraph a company is a “service company” if—
- (a) the business carried on by it consists substantially in the provision of the services of persons employed by it, and
 - (b) the majority of those services are provided to—
 - (i) a person who has control of the company,
 - (ii) two or more persons who together have control of the company, or

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- (iii) a company associated with the company.
- (3) For the purposes of sub-paragraph (2)(b)(iii) a company is associated with another company if both companies are under the control of the same person or persons.
- (4) For the purposes of sub-paragraphs (1) to (3)—
 - (a) a partnership is to be treated as a single person; and
 - (b) where a partner (alone or together with others) has control of a company, the partnership is to be treated as having (in the same way) control of that company.
- (5) For the purposes of this paragraph the question whether a person controls a company is to be determined in accordance with [F8sections 450 and 451 of CTA 2010].

Textual Amendments

F8 Words in Sch. 2 para. 29(5) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 396(3)** (with [Sch. 2](#))

Only certain kinds of restriction allowed

F930

Textual Amendments

F9 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 2 para. 48**

Permitted restrictions: voting rights

F931

Textual Amendments

F9 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 2 para. 48**

Permitted restrictions: provision for forfeiture

F932

Textual Amendments

F9 Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 2 para. 48**

Permitted restrictions: pre-emption conditions

F933

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Textual Amendments

- F9** Sch. 2 paras. 30-33 omitted (with effect in accordance with Sch. 2 para. 58 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 2 para. 48](#)

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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. 574A(2A) inserted by [2024 c. 3 Sch. 9 para. 61\(2\)](#)
- s. 637G(2)(a)(b) inserted by [S.I. 2024/356 reg. 2](#)
- s. 637Q applied (with modifications) by 2004 c. 12, Sch. 36 para. 20(1A) (as inserted) by [2024 c. 3 Sch. 9 para. 77\(3\)](#)
- s. 637R applied (with modifications) by 2004 c. 12, Sch. 36 para. 19(2)(2A) (as substituted) by [2024 c. 3 Sch. 9 para. 76\(4\)](#)
- s. 637S applied (with modifications) by 2004 c. 12, Sch. 36 para. 20(2) (as amended) by [2024 c. 3 Sch. 9 para. 77\(4\)\(a\)](#)
- s. 688AB inserted by [2024 c. 3 s. 17\(1\)](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)