

PART 17 Profit Sharing Schemes and Employee Share Ownership Trusts

CHAPTER 1 Profit sharing schemes

Interpretation). FA82 s50 509.—(1) In this Chapter and in Schedule 11—

“the appropriate percentage”, in relation to any shares, shall be construed in accordance with section 511 (3);

“approved scheme” shall be construed in accordance with section 510 (1);

“the company concerned” has the meaning assigned to it by paragraph 3(1) of Schedule 11;

“group scheme” and, in relation to such a scheme, “participating company” have the meanings respectively assigned to them by paragraph 3(2) of Schedule 11;

“initial market value”, in relation to any shares, shall be construed in accordance with section 510 (2);

“locked-in value”, in relation to any shares, shall be construed in accordance with section 512 (1);

“market value”, in relation to any shares, shall be construed in accordance with section 548;

“participant” shall be construed in accordance with section 510 (1)(a);

“the period of retention” has the meaning assigned to it by section 511 (1)(a);

“the release date” has the meaning assigned to it by section 511 (2);

“shares” includes stock;

“the trust instrument”, in relation to an approved scheme, means the instrument referred to in paragraph 3(3)(c) of Schedule 11;

“the trustees”, in relation to an approved scheme or a participant's shares, means the body of persons for the establishment of which the scheme shall provide as mentioned in paragraph 3(3) of Schedule 11.

(2) Any provision of this Chapter with respect to—

(a) the order in which any of a participant's shares are to be treated as disposed of for the purposes of this Chapter, or

(b) the shares in relation to which an event is to be treated as occurring for any such purpose,

shall apply notwithstanding any direction given to the trustees with respect to shares of a particular description or to shares appropriated to the participant at a particular time.

(3) For the purposes of capital gains tax—

(a) no deduction shall be made from the consideration for the disposal of any shares by reason only that an amount determined under this Chapter is chargeable to income tax,

(b) any charge to income tax by virtue of section 513 shall be disregarded in determining whether a distribution is a capital distribution within the meaning of section 583, and

(c) nothing in any provision referred to in subsection (2) shall affect the rules applicable to the computation of a gain accruing on a part disposal of a holding of shares or other securities which were acquired at different times.