Excess or unauthorised shares. FA82 s56; FA95 s16 515.—(1) Where the total of the initial market values of all the shares appropriated to an individual in any one year of assessment (whether under a single approved scheme or under 2 or more such schemes) exceeds £10,000, subsections (4) to (7) shall apply to any excess shares, that is, any share which caused that limit to be exceeded and any share appropriated after that limit was exceeded.

- (2) For the purposes of subsection (1), where a number of shares is appropriated to an individual at the same time under 2 or more approved schemes, the same proportion of the shares appropriated at that time under each scheme shall be regarded as being appropriated before the limit of £10,000 is exceeded.
- (3) Where the trustees of an approved scheme appropriate shares to an individual at a time when the individual is ineligible to participate in the scheme by virtue of Part 4 of Schedule 11, subsections (4) to (7) shall apply in relation to those shares, and in those subsections those shares are referred to as "unauthorised shares".
- (4) For the purposes of any provision of this Chapter charging an individual to income tax under Schedule E by reason of the occurrence of an event relating to any of the individual's shares—
- (a) the appropriate percentage in relation to excess shares or unauthorised shares shall in every case be 100 per cent, and
- (b) without prejudice to section 512 (6), the event shall be treated as relating to shares which are not excess shares or unauthorised shares before shares which are.
- (5) Excess shares or unauthorised shares which have not been disposed of before the release date, or if it is earlier, the date of the death of the participant whose shares they are, shall be treated for the purposes of this Chapter as having been disposed of by the trustees immediately before the release date or, as the case may require, the date of the participant's death, for a consideration equal to their market value at that time.
- (6) The locked-in value at any time of any excess shares or unauthorised shares shall be their market value at that time.
- (7) Where there has been a company reconstruction to which section 514 applies, a new share (within the meaning of that section) shall be treated as an excess share or unauthorised share if the corresponding share (within the meaning of that section) or, if there was more than one corresponding share, each of them was an excess share or an unauthorised share.