HMRC - CG35021 - Settlor Trusts: Share Option Schemes: Trusts For Employees

The legal basis of this is that a person is a settlor under Section 79 to the extent that that person has provided property for the purposes of the settlement. The courts have indicated in dealing with similarly worded Income Tax legislation that this means that is necessary for the settlor to have provided `bounty’, and that a commercial transaction does not normally contain bounty. Therefore if a settlement can fairly be regarded as part of an employer’s normal commercial arrangements for the remuneration of his employees, neither the employer nor the employees should be regarded as settlors.

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