HMRC - CTM81105 - Option, Limited & Varying Rights

ICTA88/SCH18/PARA5C to 5E

Where there are option rights (CTM81085 to CTM81100) and also:

shares with limited rights (CTM81060 and CTM81065), and/or

shares with varying rights (CTM81070 and CTM81075),

there are eight different possible calculations of entitlements to profits and of assets in a winding-up as below.

The eight possible combinations are:

option rights treated as effective, rights of a different accounting period, treating limited rights as waived,

option rights treated as effective, rights of the current accounting period, treating limited rights as waived,

option rights treated as effective, rights of a different accounting period, no special treatment of limited rights,

option rights treated as effective, rights of the current accounting period, no special treatment of limited rights,

option rights ignored, rights of a different accounting period, treating limited rights as waived,

option rights ignored, rights of the current accounting period, treating limited rights as waived,

option rights ignored, rights of a different accounting period, no special treatment of limited rights,

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The lowest percentage is taken as the percentage to which the parent company is entitled.

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