

NOTICES OF AMENDMENTS

Monday 23 June 2014

CONSIDERATION OF BILL

Mr Chancellor of the Exchequer

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- * Schedule 6, page 273, line 29, at end insert—
 “139A(1) Section 94A of ITTOIA 2005 (costs of setting up SAYE option scheme or CSOP scheme) is amended as follows.
- (2) In subsection (1)—
- (a) in paragraph (a) omit “that is approved by an officer of Revenue and Customs”, and
- (b) omit paragraph (b) and the “and” before it.
- (3) In subsection (2)—
- (a) at the beginning of paragraph (a) insert “Schedule 3”,
- (b) at the beginning of paragraph (b) insert “Schedule 4”, and
- (c) omit the final sentence.
- (4) In subsection (4) for “approval is given” (in both places) substitute “relevant date falls”.
- (5) After subsection (4) insert—
- “(4A) In subsection (4) “the relevant date”—
- (a) in relation to a Schedule 3 SAYE option scheme, has the meaning given in paragraph 40A(6) of Schedule 3 to ITEPA 2003, and
- (b) in relation to a Schedule 4 CSOP scheme, has the meaning given in paragraph 28A(6) of Schedule 4 to ITEPA 2003.”

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- * Schedule 6, page 276, line 42, after “under” insert “section 94A of ITTOIA 2005 or”

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- * Schedule 6, page 294, line 48, leave out “paragraph 141” and insert “paragraphs 139A and 141”

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- * Schedule 6, page 295, line 1, after “under” insert “section 94A of ITTOIA 2005 or”
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EXPLANATORY NOTE

CLAUSE 48 & SCHEDULE 6: EMPLOYEE SHARE SCHEMES AMENDMENTS 11-14 TO SCHEDULE 6

SUMMARY

1. These amendments are designed to ensure that companies establishing tax advantaged employee share schemes can continue to deduct the set-up costs of these schemes when required to calculate their taxable profits for income tax purposes. They follow the implementation from 6 April 2014 of various changes to the rules and processes for the establishment and operation of tax advantaged employee share schemes.

DETAILS OF THE AMENDMENTS

2. Clause 48 and Schedule 6 implement several recommendations made by the Office of Tax Simplification (OTS) to simplify the tax rules and administrative processes for employee share schemes. This includes the replacement of a requirement for a business to obtain HM Revenue & Customs (HMRC) approval for tax advantaged employee schemes - such as Save As You Earn Option Schemes (SAYE) or Company Share Option Plans (CSOP) - with self certification of these schemes.

3. Amendment 11 inserts a new paragraph 139A to Schedule 6. This updates section 94A of the Income Tax (Trading and Other Income) Act 2005 to remove various references to 'approved' SAYE and CSOP schemes, and to the time at which approval for a scheme is given. These changes are consequential to the removal of the requirement that SAYE and CSOP schemes be approved by HMRC. Instead the amendment inserts references to Schedule 3 SAYE option schemes, Schedule 4 CSOP schemes and the 'relevant date' - as defined elsewhere in the Schedule.

4. Amendments 12, 13 and 14 make consequential amendments to commencement and transitional provisions within Schedule 6 in relation to SAYE and CSOP schemes that have been approved by HMRC before 6 April 2014. These amendments ensure that certain provisions within Schedule 6 will not affect the company's entitlement to deduct expenses incurred in setting up these schemes, when calculating taxable profits for income tax purposes.

BACKGROUND NOTE

5. SAYE and CSOP are tax advantaged employee share schemes under which employees can purchase shares in their company.

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6. The OTS identified various areas where the rules for employee share schemes create undue complexities or disproportionate administrative burdens for scheme users, and made recommendations on how the legislation and related provisions could be simplified. Schedule 6, which these amendments update, implements a number of OTS recommendations - including the replacement of HMRC approval of tax advantaged employee share schemes with self certification of schemes by businesses.