

## **1 EBTs: restriction on proportion of beneficiaries who may be participators etc**

- (1) IHTA 1984 is amended as follows.
- (2) In section 13 (dispositions by close companies for benefit of employees), after subsection (4) insert—
  - “(4A) Subsection (4)(a) does not apply if, immediately after the disposition of property mentioned in subsection (1), more than 25% of relevant beneficiaries are (disregarding subsection (4)(a)) persons falling within subsection (2)(a) to (d).
  - (4B) In subsection (4A) “relevant beneficiary” means a person who—
    - (a) is a person for whose benefit the trusts permit the property to be applied, and
    - (b) is a person employed by or holding office with the company mentioned in subsection (1).”.
- (3) In section 28 (employee trusts), after subsection (6) insert—
  - “(6A) Subsection (6) does not apply if, immediately after the transfer of value mentioned in subsection (1), more than 25% of relevant beneficiaries are (disregarding subsection (6)) persons falling within subsection (4)(a) to (d).
  - (6B) In subsection (6A) “relevant beneficiary” means a person who—
    - (a) is a person for whose benefit the trusts permit the settled property to be applied, and
    - (b) is a person employed by or holding office with the company mentioned in subsection (1).”.
- (4) In section 75 (exemption from charge under section 65 where property becomes subject to employee benefit trust), in subsection (3), in the opening words, after “section 28(4)” insert “and (6A)“.
- (5) This section is treated as having come into force on 30 October 2024.

## **2 EBTs: shares entering trust to have been held for two years**

- (1) IHTA 1984 is amended as follows.
- (2) In section 28 (employee trusts)—
  - (a) in subsection (1), after paragraph (b) insert “, and
    - (c) the individual has, throughout the period of two years ending with the date of the transfer, been beneficially entitled to the shares in or securities of the company that become comprised in the settlement.”;
  - (b) after subsection (7) insert—
    - “(8) A reference in subsection (1)(c) to shares in or securities of a company includes, in a case in which a reorganisation of share

capital has occurred, the original shares to which the new holding relates.

- (9) In subsection (8)–
  - (a) “reorganisation of share capital” means a transaction to which section 127 of the 1992 Act (equation of original shares and new holding) applies or would apply but for section 134 of that Act;
  - (b) “the original shares” and “the new holding” have the meaning given by section 126(1) of the 1992 Act.”.
- (3) In section 75 (exemption from charge under section 65 where property becomes subject to employee benefit trust)–
  - (a) in subsection (2), after paragraph (c) insert “; and
    - (d) the shares in or securities of the company have been comprised in the settlement mentioned in section 65(1) throughout the period of two years ending with the date on which they cease to be relevant property.”;
  - (b) after subsection (3) insert–
    - “(4) A reference in subsection (2)(d) to shares in or securities of a company includes, in a case in which a reorganisation of share capital has occurred, the original shares to which the new holding relates.
  - (5) In subsection (4)–
    - (a) “reorganisation of share capital” means a transaction to which section 127 of the 1992 Act (equation of original shares and new holding) applies or would apply but for section 134 of that Act;
    - (b) “the original shares” and “the new holding” have the meaning given by section 126(1) of the 1992 Act.”.
- (4) This section is treated as having come into force on 30 October 2024.