

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1989, Cross Heading: Rules about acquisition etc.. (See end of Document for details)

SCHEDULES

SCHEDULE 5

EMPLOYEE SHARE OWNERSHIP TRUSTS

Modifications etc. (not altering text)

- C1** Sch. 5 applied (6.3.1992 with effect as mentioned in s. 289(1)(2) of the applying Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 228\(7\)](#), [235\(8\)](#), [289](#) (with [ss. 60](#), [101\(1\)](#), [171](#), [201\(3\)](#))

Rules about acquisition etc.

- 11 (1) The trust deed must provide that, for the purposes of the deed, the trustees—
- (a) acquire securities when they become entitled to them;
 - (b) transfer securities to another person when that other becomes entitled to them;
 - (c) retain securities if they remain entitled to them.
- (2) But if the deed provides as mentioned in paragraph 8 above, it must provide for the following exceptions to any rule which is included in it and conforms with subparagraph (1)(a) above, namely, that—
- (a) if securities are issued to the trustees in exchange in circumstances mentioned in section [^{F1}135(1) of the ^{M1}Taxation of Chargeable Gains Act 1992], they shall be treated as having acquired them when they became entitled to the securities for which they are exchanged;
 - (b) if the trustees become entitled to securities as a result of a reorganisation, they shall be treated as having acquired them when they became entitled to the original shares which those securities represent (construing “reorganisation” and “original shares” in accordance with section [^{F1}126] of that Act).
- (3) The trust deed must provide that—
- (a) if the trustees agree to take a transfer of securities, for the purposes of the deed they become entitled to them when the agreement is made and not on a later transfer made pursuant to the agreement;
 - (b) if the trustees agree to transfer securities to another person, for the purposes of the deed the other person becomes entitled to them when the agreement is made and not on a later transfer made pursuant to the agreement.

Textual Amendments

- F1** Words in [Sch. 5 para. 11](#) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the substituting Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 289](#), [290](#), [Sch. 10 para. 19\(5\)](#) (with [s. 60](#), [101\(1\)](#), [201\(3\)](#))

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1989, Cross Heading: Rules about acquisition etc.. (See end of Document for details)*

Modifications etc. (not altering text)

C1 See [Finance Act 1990 \(c. 29\)](#) ss.31–40—*roll-over relief for disposal of shares to employee share ownership trusts*

Marginal Citations

M1 1992 c. 12.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1989, Cross Heading:
Rules about acquisition etc..