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SCHEDULES

SCHEDULE 37

Section 290

COMPANIES OWNED BY EMPLOYEE-OWNERSHIP TRUSTS

PART 1

CAPITAL GAINS TAX RELIEF

Relief on disposals to employee-ownership trusts

- 1 In Part 7 of TCGA 1992 (other property, businesses, investments etc), after section 236G insert—

“Employee-ownership trusts

236H Disposals to employee-ownership trusts

- (1) This section applies where—
- a person other than a company (“P”) disposes of any ordinary share capital of a company (“C”) to the trustees of a settlement,
 - the relief requirements are met, and
 - P makes a claim under this section.
- (2) Section 17(1) (disposals and acquisitions treated as made at market value) does not apply to the disposal.
- (3) The disposal, and the acquisition by the trustees, are to be treated for the purposes of this Act as being made for such consideration as to secure that neither a gain nor a loss accrues on the disposal.
- (4) “The relief requirements” are—
- that C meets the trading requirement (see section 236I) at the time of the disposal and continues to meet that requirement for the remainder of the tax year in which that time falls,
 - that the settlement meets the all-employee benefit requirement at the time of the disposal and continues to meet that requirement for the remainder of the tax year in which that time falls (see sections 236J to 236L and subsection (5) of this section),
 - that the settlement does not meet the controlling interest requirement (see section 236M) immediately before the beginning of the tax year in which the disposal occurs, but—
 - it meets that requirement at the end of that tax year, and
 - if it met the requirement at an earlier time in that tax year (whether before or after the time of the disposal) it

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- continued to meet it throughout the remainder of that tax year,
- (d) that the limited participation requirement is met (see section 236N), and
 - (e) that this section does not apply in relation to any related disposal by P or a person connected with P which occurs in an earlier tax year.
- (5) For the purposes of subsection (4)(b)—
- (a) unless the settlement met the all-employee benefit requirement by virtue of section 236L (cases in which all-employee benefit requirement treated as met) at the time of the disposal, that section does not apply for the purposes of determining whether the settlement continues to meet that requirement after the disposal, and
 - (b) if, at the time of the disposal, the settlement met that requirement by virtue of section 236L and later continues to meet it otherwise than by virtue of that section, it may not again meet the requirement by virtue of that section.
- (6) A disposal in an earlier tax year is “related” to the disposal in question if—
- (a) both disposals are of ordinary share capital of the same company, or
 - (b) the disposal in the earlier tax year is of ordinary share capital of a company which is, or at the time of that disposal was, a member of the same group as the company whose ordinary share capital is the subject of the disposal in question.
- (7) A claim under this section must include—
- (a) information to identify the settlement,
 - (b) C's name and the address of its registered office, and
 - (c) the date of the disposal and the number of shares disposed of.
- (8) Section 236O makes provision about events which prevent a claim being made under this section and circumstances in which a claim is revoked.

236I Trading requirement

- (1) C meets the trading requirement if C is—
- (a) a trading company which is not a member of a group, or
 - (b) the principal company of a trading group.
- (2) “Trading company” means a company carrying on trading activities whose activities do not include to a substantial extent activities other than trading activities.
- (3) “Trading group” means a group—
- (a) one or more of whose members carry on trading group activities, and
 - (b) the activities of whose members, taken together, do not include to a substantial extent activities other than trading group activities.
- (4) In this section—
- “trading activities” means activities carried on by the company in the course of, or for the purposes of, a trade being carried on by it;

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“trading group activities” means activities carried on by a member of the group in the course of, or for the purposes of, a trade being carried on by any member of the group.

- (5) For the purposes of determining whether C is a trading company or the principal company of a trading group—
- (a) the activities of the members of a group are to be treated as one business (with the result that activities are disregarded to the extent that they are intra-group activities), and
 - (b) a business carried on by a company in partnership with one or more other persons is to be treated as not being a trading activity or a trading group activity.

236J All-employee benefit requirement

- (1) A settlement meets the all-employee benefit requirement if the trusts of the settlement—
- (a) do not permit any of the settled property to be applied, at any time, otherwise than for the benefit of all the eligible employees on the same terms,
 - (b) do not permit the trustees at any time to apply any of the settled property—
 - (i) by creating a trust, or
 - (ii) by transferring property to the trustees of any settlement other than by an authorised transfer,
 - (c) do not permit the trustees at any time to make loans to beneficiaries of the trusts, and
 - (d) do not permit the trustees or any other person at any time to amend the trusts in a way such that the amended trusts would not comply with one or more of paragraphs (a) to (c).
- (2) Section 236K makes provision about the requirement in subsection (1)(a).
- (3) “Eligible employee” means—
- (a) if C meets the trading requirement by virtue of section 236I(1)(a), any individual who is employed by, or is an office-holder of, C, and
 - (b) if C meets the trading requirement by virtue of section 236I(1)(b), any individual who is employed by, or is an office-holder of, a relevant group company,
- but does not include an excluded participator.
- (4) But where—
- (a) C has ceased to meet the trading requirement or the trustees have ceased to hold any shares in C (or both), and
 - (b) a person was an eligible employee at any time during the period of two years ending immediately before that event (or, where both have occurred, the earlier of them),
- that person continues to be an “eligible employee”.
- (5) “Excluded participator” means—

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- (a) a person who is a participator in C, or, where C meets the trading requirement by virtue of section 236I(1)(b), in any relevant group company,
 - (b) any other person who is a participator in any close company that has made a disposition whereby property became comprised in the same settlement, being a disposition which but for section 13 or 13A of the Inheritance Tax Act 1984 (dispositions by close companies for benefit of employees or to employee-ownership trusts) would have been a transfer of value for the purposes of inheritance tax,
 - (c) any other person who has been a participator in any company mentioned in paragraph (a) or (b) at any time on or after the look-back date, or
 - (d) any person who is connected with any person within paragraph (a), (b) or (c).
- (6) The participators in a company who are referred to in subsection (5) do not include any participator who—
- (a) is not beneficially entitled to, or to rights entitling the participator to acquire, 5% or more of, or of any class of the shares comprised in, the company's share capital, and
 - (b) on a winding-up of the company would not be entitled to 5% or more of its assets.

(7) In this section—

“authorised transfer” means a transfer of property consisting of or including any ordinary share capital of a company (“the transferred company”) where—

- (a) the transferred company meets the trading requirement, and
- (b) the transfer is made to the trustees of a settlement which—
 - (i) meets the controlling interest requirement with respect to the transferred company immediately after the transfer, and
 - (ii) meets the all-employee benefit requirement with respect to the transferred company (ignoring section 236L),

and for this purpose references to “C” in sections 236I, 236M and 236T and this section are to be read as references to the transferred company,

“close company” and “participator” have the same meaning as in Part 4 of the Inheritance Tax Act 1984 (see section 102 of that Act), and references to a participator in a company are, in the case of a company which is not a close company, to be construed as references to a person who would be a participator in the company if it were a close company,

“the look-back date” means the first day of the period of 10 years ending with whichever is later of—

- (a) 10 December 2013, and
- (b) the day on which any property first became comprised in the settlement, and

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“relevant group company” means C or any other company which is a member of the group of which C is the principal company.

- (8) In this section references to the settled property include references to any income arising from it.
- (9) See section 236L for cases where the all-employee benefit requirement is treated as met.

236K Further provision about the equality requirement

- (1) The requirement in section 236J(1)(a) (“the equality requirement”) is not infringed by the trusts by reason only that they—
 - (a) permit the settled property to be applied, where an eligible employee has died, as if a surviving spouse, civil partner or dependant of the deceased person were the eligible employee (and continued to be employed) for a period of 12 months, or such shorter period as the trusts may provide, starting with the time of death,
 - (b) prevent the settled property being applied for the benefit of persons who have not been eligible employees for a continuous period of 12 months or such shorter period as the trusts may provide,
 - (c) permit the trustees to comply with a written request from a person that the trustees do not apply any of the settled property for the benefit of that person, or
 - (d) prevent the settled property being applied for the benefit of all persons who are eligible employees by reason only that they are office-holders.
- (2) The equality requirement is not infringed by the trusts by reason only that, in addition to requiring the settled property to be applied for the benefit of all the eligible employees on the same terms, they also permit the settled property to be applied for charitable purposes.
- (3) Subject to subsections (1) and (2), the equality requirement is infringed by the trusts if they permit the settled property to be applied by reference to factors other than those mentioned in subsection (4).
- (4) The equality requirement is not infringed by the trusts by reason only that they permit the settled property to be applied for the benefit of all the eligible employees by reference to—
 - (a) an eligible employee's remuneration,
 - (b) an eligible employee's length of service, or
 - (c) hours worked by an eligible employee;but this is subject to subsections (5) and (6).
- (5) The equality requirement is infringed by the trusts if they permit any of the settled property to be applied on terms such that some (but not all) eligible employees receive no benefits (other than by virtue of subsection (1)(b), (c) and (d)).
- (6) If any of the settled property is applied by reference to more than one of the factors mentioned in subsection (4), the equality requirement is infringed unless—

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- (a) each factor gives rise to a separate entitlement related to the level of remuneration, length of service or (as the case may be) hours worked, and
 - (b) the total entitlement is the sum of those separate entitlements.
- (7) “Eligible employee” has the same meaning as in section 236J.
- (8) In this section, references to the settled property include references to any income arising from it.

236L Cases in which all-employee benefit requirement treated as met

- (1) A settlement which would not otherwise meet the all-employee benefit requirement at any time is treated as meeting that requirement at that time if—
- (a) the settlement was created before 10 December 2013,
 - (b) on that date—
 - (i) section 86 of the Inheritance Tax Act 1984 (trusts for the benefit of employees) applied to the settled property,
 - (ii) the trustees held a significant interest in C, and
 - (iii) the settlement did not meet the all-employee benefit requirement (ignoring this section), and
 - (c) the trustees of the settlement do not, during the period of 12 months ending with the time in question, do any of the following—
 - (i) apply any of the settled property otherwise than for the benefit of all eligible employees on the same terms,
 - (ii) apply any of the settled property by creating a trust,
 - (iii) apply any of the settled property by transferring property to the trustees of any settlement other than by an authorised transfer, or
 - (iv) make loans to beneficiaries of the trusts of the settlement.
- (2) The trustees held a significant interest in C on 10 December 2013 if on that date—
- (a) they—
 - (i) held 10% or more of the ordinary share capital of C, and
 - (ii) had powers of voting on all questions affecting C as a whole which, if exercised, would have yielded 10% or more of the votes capable of being exercised on them,
 - (b) they were entitled to 10% or more of the profits available for distribution to the equity holders of C,
 - (c) they would have been entitled, on a winding up of C, to 10% or more of the assets of C available for distribution to equity holders, and
 - (d) there were no provisions in any agreement or instrument affecting C's constitution or management or its shares or securities whereby the condition in paragraph (a), (b) or (c) could cease to be satisfied without the consent of the trustees.

See section 236T for further provision relating to the holding of a significant interest.

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- (3) Subsections (3) to (8) of section 236J apply for the purposes of this section.
- (4) The requirement in subsection (1)(c)(i) (“the behaviour requirement”) is not infringed by reason only that the trustees of the settlement—
- (a) apply any of the settled property, where an eligible employee has died, as if a surviving spouse, civil partner or dependant of the deceased person were the eligible employee (and continued to be employed) for a period of 12 months, or such shorter period as the trustees may determine, starting with the time of death,
 - (b) only apply the settled property for the benefit of persons who have been eligible employees for a continuous period of 12 months or such shorter period as the trustees may determine,
 - (c) comply with a written request from a person that the trustees do not apply any of the settled property for the benefit of that person, or
 - (d) have complied with the terms of the trusts of the settlement which prevent the settled property being applied for the benefit of some or all of the persons who are eligible employees by reason only that they are office-holders.
- (5) The behaviour requirement is not infringed by reason only that, in addition to applying any of the settled property for the benefit of all the eligible employees on the same terms, the trustees also apply any of it for charitable purposes.
- (6) Subject to subsections (4) and (5), the behaviour requirement is infringed by the trustees if they apply the settled property by reference to factors other than those mentioned in subsection (7).
- (7) The behaviour requirement is not infringed by the trustees applying the settled property for the benefit of all the eligible employees by reference to—
- (a) an eligible employee's remuneration,
 - (b) an eligible employee's length of service, or
 - (c) hours worked by an eligible employee;
- but this is subject to subsections (8) and (9).
- (8) The behaviour requirement is infringed if any of the settled property is applied by the trustees on terms such that some (but not all) eligible employees receive no benefits (other than as mentioned in subsection (4)(b), (c) and (d)).
- (9) If the trustees apply any of the settled property by reference to more than one of the factors mentioned in subsection (7), the behaviour requirement is infringed unless—
- (a) each factor gives rise to a separate entitlement related to the level of remuneration, length of service or (as the case may be) hours worked, and
 - (b) the total entitlement is the sum of those separate entitlements.

236M Controlling interest requirement

- (1) A settlement meets the controlling interest requirement if—
- (a) the trustees—

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- (i) hold more than 50% of the ordinary share capital of C, and
 - (ii) have powers of voting on all questions affecting C as a whole which, if exercised, would yield a majority of the votes capable of being exercised on them,
 - (b) the trustees are entitled to more than 50% of the profits available for distribution to the equity holders of C,
 - (c) the trustees would be entitled, on a winding up of C, to more than 50% of the assets of C available for distribution to equity holders, and
 - (d) there are no provisions in any agreement or instrument affecting C's constitution or management or its shares or securities whereby the condition in paragraph (a), (b) or (c) can cease to be satisfied without the consent of the trustees.
- (2) See section 236T for further provision relating to the controlling interest requirement.

236N Limited participation requirement

- (1) The limited participation requirement is met if Conditions A and B are met.
- (2) Condition A is that there was no time in the period of 12 months ending immediately after the disposal mentioned in section 236H(1) when—
 - (a) P was a participator in C, and
 - (b) the participator fraction exceeded 2/5.
- (3) Condition B is that the participator fraction does not exceed 2/5 at any time in the period beginning with that disposal and ending at the end of the tax year in which it occurs.
- (4) But a time which falls in a period during which the participator fraction exceeded 2/5 is to be disregarded for the purposes of subsection (2)(b) and (3) if—
 - (a) that period lasts no more than 6 months, and
 - (b) the fraction exceeded 2/5 during that period by reason of events outside the reasonable control of the trustees.
- (5) “The participator fraction” means—

$$\frac{NP}{NE}$$

where—

NP is the sum of—

- (a) the number of persons who at the time in question are both—
 - (i) participators in C, and
 - (ii) employees of, or office-holders in, C, and
- (b) the number of other persons who at that time are both—
 - (i) employees of, or office-holders in, C or, if C is the principal company of a trading group, any member of the group, and

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(ii) connected with persons within paragraph (a);

NE is the number of persons who at that time are employees of C or, if C is the principal company of a trading group, any member of the group.

- (6) The participators in C who are referred to in subsections (2) and (5) do not include any participator who—
- (a) is not beneficially entitled to, or to rights entitling the participator to acquire, 5% or more of, or of any class of the shares comprised in, C's share capital, and
 - (b) on a winding-up of C would not be entitled to 5% or more of its assets.
- (7) In this section—
- (a) “participator” has the meaning given by section 454 of CTA 2010, and
 - (b) references to a participator in a company are, in the case of a company which is not a close company (within the meaning of Chapter 2 of Part 10 of that Act), to be construed as references to a person who would be a participator in the company if it were a close company.

236O No section 236H relief if disqualifying event in next tax year

- (1) This section applies where—
- (a) a disposal is made in circumstances where paragraphs (a) and (b) of section 236H(1) are satisfied, and
 - (b) one or more disqualifying events occur in relation to the disposal in the tax year following the tax year in which the disposal occurs.
- (2) A “disqualifying event” occurs in relation to the disposal if and when—
- (a) C ceases to meet the trading requirement,
 - (b) the settlement ceases to meet the all-employee benefit requirement,
 - (c) the settlement ceases to meet the controlling interest requirement,
 - (d) the participator fraction exceeds $\frac{2}{5}$, or
 - (e) the trustees act in a way which the trusts, as required by the all-employee benefit requirement, do not permit.
- (3) No claim for relief under section 236H may be made in respect of the disposal on or after the day on which the disqualifying event (or, if more than one, the first of them) occurs.
- (4) Any claim for relief under section 236H made in respect of the disposal before that day is revoked, and the chargeable gains and allowable losses of any person for any chargeable period are to be calculated as if that claim had never been made.
- (5) Such adjustments must be made in relation to any person, whether by the making of assessments or otherwise, as are required to give effect to subsection (4) (regardless of any limitation on the time within which any adjustment may be made).

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- (6) Section 236H(5) (restrictions on application of section 236L) applies for the purposes of subsection (2)(b).
- (7) Section 236N(4) applies for the purposes of subsection (2)(d) as it applies in relation to section 236N(2)(b) and (3).

236P Events which trigger deemed disposal and reacquisition by trustees

- (1) Where the trustees of a settlement acquire any ordinary share capital in a tax year in circumstances where section 236H applies, subsection (3) applies on the first occasion, after the end of the tax year following the tax year in which the acquisition occurs, when a disqualifying event occurs in relation to the acquisition.
- (2) A “disqualifying event” occurs in relation to the acquisition if and when—
 - (a) C ceases to meet the trading requirement,
 - (b) the settlement ceases to meet the all-employee benefit requirement,
 - (c) the settlement ceases to meet the controlling interest requirement,
 - (d) the participator fraction exceeds 2/5, or
 - (e) the trustees act in a way which the trusts, as required by the all-employee benefit requirement, do not permit.
- (3) The trustees are treated as having, immediately before the disqualifying event—
 - (a) disposed of any ordinary share capital of C held by the trustees which comprises shares acquired in circumstances where section 236H applied (and not subsequently disposed of and reacquired), and
 - (b) immediately reacquired that ordinary share capital, at its market value at that time.
- (4) For the purposes of subsection (2)(b)—
 - (a) unless the settlement met the all-employee benefit requirement at the time of the acquisition by virtue of section 236L, that section does not apply for the purposes of determining whether the settlement continues to meet that requirement after the acquisition, and
 - (b) if, at the time of the acquisition, the settlement met that requirement by virtue of section 236L and later continues to meet it otherwise than by virtue of that section, it may not again meet the requirement by virtue of that section.
- (5) Section 236N(4) applies for the purposes of subsection (2)(d) as it applies in relation to section 236N(2)(b) and (3).

236Q Relief for deemed disposals under section 71

- (1) This section applies where—
 - (a) a deemed disposal arises under section 71(1) by reason of the trustees of a settlement (“the acquiring settlement”) becoming absolutely entitled to settled property as against the trustee of that settled property (“the transferring trustee”),
 - (b) that settled property consists of ordinary share capital of a company,

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- (c) the relief requirements in section 236H(4)(a) to (d) are met, and
 - (d) the transferring trustee makes a claim under this section.
- (2) Section 17(1) (disposals and acquisitions treated as made at market value) does not apply to the disposal.
- (3) The deemed disposal and acquisition by the transferring trustee under section 71(1) are to be treated for the purposes of this Act as being made for such consideration as to secure that neither a gain nor a loss accrues on the disposal.
- (4) For the purposes of section 236P the trustees of the acquiring settlement are treated as acquiring the ordinary share capital from the transferring trustee, at the time of the deemed disposal, in circumstances where section 236H applies.
- (5) In applying sections 236H(4), 236I to 236P and 236T for the purposes of this section—
 - (a) references in those provisions to the settlement are to be read as references to the acquiring settlement, and
 - (b) references in those provisions to C are to be read as references to the company mentioned in subsection (1)(b).
- (6) A claim under this section must include—
 - (a) information to identify the acquiring settlement,
 - (b) the name of the company mentioned in subsection (1)(b) and the address of its registered office, and
 - (c) the date of the deemed disposal and the number of shares deemed to have been disposed of.
- (7) Section 236R makes provision about events which prevent a claim being made under this section and circumstances in which a claim is revoked.

236R No section 236Q relief if disqualifying event in next tax year

- (1) This section applies where—
 - (a) a deemed disposal arises in circumstances where paragraphs (a) to (c) of section 236Q(1) are satisfied, and
 - (b) one or more disqualifying events occur in relation to the disposal in the tax year following the tax year in which the deemed disposal arises.
- (2) No claim for relief under section 236Q may be made in respect of the deemed disposal on or after the day on which the disqualifying event (or, if more than one, the first of them) occurs.
- (3) Any claim for relief under section 236Q made in respect of the deemed disposal before that day is revoked, and the chargeable gains and allowable losses of any person for any chargeable period are to be calculated as if that claim had never been made.
- (4) Such adjustments must be made in relation to any person, whether by the making of assessments or otherwise, as are required to give effect to

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subsection (3) (regardless of any limitation on the time within which any adjustment may be made).

- (5) “Disqualifying event” is to be construed in accordance with subsections (2), (6) and (7) of section 236O except that—
- (a) references in those subsections to the disposal are to be read as references to the deemed disposal, and
 - (b) in applying sections 236I to 236P and 236T for this purpose—
 - (i) references in those provisions to the settlement are to be read as references to the acquiring settlement (within the meaning of section 236Q(1)), and
 - (ii) references in those provisions to C are to be read as references to the company mentioned in section 236Q(1)(b).

236S Identification of shares where section 236H or 236Q applies

- (1) This section applies where the trustees of a settlement hold—
- (a) shares which were—
 - (i) acquired in circumstances where section 236H applied, or
 - (ii) the subject of a deemed acquisition under section 71(1) in circumstances where section 236Q applied,
 and not subsequently disposed of and reacquired (“EOT exempt shares”), and
 - (b) other shares which, but for section 104(4A), would be shares of the same class as those shares.
- (2) If the trustees dispose of some, but not all, of the shares so held, they may determine what proportion of the shares disposed of are EOT exempt shares (up to the number of such shares held).
- (3) For the purposes of this section shares in a company are not to be treated as being of the same class unless they are so treated by the practice of a recognised stock exchange or would be so treated if dealt with on a recognised stock exchange.
- (4) Nothing in subsection (2) applies in relation to a disposal by virtue of section 236P(3).

236T Further provision about significant and controlling interests

- (1) This section applies for the purposes of—
- (a) section 236L(2) (trustees hold a significant interest in C), and
 - (b) section 236M (controlling interest requirement).
- (2) Chapter 6 of Part 5 of CTA 2010 (group relief: equity holders and profits or assets available for distribution) applies as it applies for the purposes of the provisions mentioned in section 157(1) of that Act.
- (3) The trustees are to be treated, for the purposes of section 236L(2)(b) or 236M(1)(b), as entitled to dividends on shares even if the trustees are required, or permitted, by the trusts of the settlement to waive their entitlement to those dividends.

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- (4) In determining whether section 236L(2)(d) or 236M(1)(d) applies, ignore any provision of—
- (a) a mortgage or charge (or, in Scotland, a charge or security) granted by the trustees to a third party to secure any debt, or
 - (b) an agreement in respect of a loan made to the trustees by a third party, which confers any entitlement on the third party in the event of a default by the trustees in performing their obligations in relation to that debt or loan.
- (5) In this section—
- “third party” means a person other than—
- (a) C or a member of a group of which C is the principal company,
 - (b) a person who is, or has at any time in the preceding 12 months been, a participator in C or in a member of such a group, or
 - (c) a person connected with a person within paragraph (b);
- “close company” and “participator” have the same meaning as in Part 4 of the Inheritance Tax Act 1984 (see section 102 of that Act), and a reference to a participator in a company is, in the case of a company which is not a close company, to be construed as a reference to a person who would be a participator in the company if it were a close company.

236U Interpretation of sections 236H to 236U

- (1) In sections 236H to 236T and this section—
- “company” has the meaning given by section 170(9);
- “ordinary share capital” has the meaning given by section 1119 of CTA 2010;
- “trade” means any trade which is conducted on a commercial basis and with a view to the realisation of profits.
- (2) In those sections—
- (a) references to a group, to membership of a group or to the principal company of a group, are to be construed in accordance with section 170, and
 - (b) references to a group are to be construed with any necessary modifications where applied to a company incorporated under the law of a country or territory outside the United Kingdom.
- (3) In determining whether a person is connected with another for the purposes of those sections, section 286 applies as if subsection (8) of that section also mentioned uncle, aunt, nephew and niece.”

Commencement and transitional provision

- 2 Subject to paragraph 3, the amendment made by paragraph 1 has effect in relation to disposals made on or after 6 April 2014.
- 3 In relation to disposals made on or after 6 April 2014 but before 26 June 2014, TCGA 1992 has effect as if—
- (a) in section 236H—

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- (i) in subsection (4)(b), for the words from “at the time of the disposal” to the end there were substituted “ (see sections 236J to 236L) ”,
 - (ii) subsection (4)(c)(ii) (and the “and” before it) were omitted, and
 - (iii) subsections (5) and (8) were omitted,
 - (b) in section 236N—
 - (i) in subsection (1), for “Conditions A and B are” there were substituted “ Condition A is ”, and
 - (ii) subsection (3) were omitted,
 - (c) section 236O were omitted,
 - (d) in section 236P—
 - (i) in subsection (1) the words “, after the end of the tax year following the tax year in which the acquisition occurs, when” were omitted,
 - (ii) for subsection (2) there were substituted—
 - “(2) A “disqualifying event” occurs in relation to the acquisition if and when—
 - (a) at any time after that tax year—
 - (i) C ceases to meet the trading requirement, or
 - (ii) the settlement ceases to meet the controlling interest requirement, or
 - (b) at any time after the acquisition—
 - (i) the settlement ceases to meet the all-employee benefit requirement,
 - (ii) the participator fraction exceeds 2/5, or
 - (iii) the trustees act in a way which the trusts, as required by the all-employee benefit requirement, do not permit.”, and
 - (iii) in subsection (3) for “before” there were substituted “ after ”,
 - (e) section 236Q(7) were omitted, and
 - (f) section 236R were omitted.
- 4 (1) For the purposes of determining if the requirement of section 236L(1)(c) of TCGA 1992 (requirement as to conduct of trustees for 12 months) is met, anything done by the trustees before 10 December 2013 is to be disregarded.
- (2) But sub-paragraph (1) does not apply in relation to section 236L of TCGA 1992 as applied by section 312E(3) of ITEPA 2003 (rules determining whether payment is a qualifying bonus payment for the purposes of Chapter 10A of Part 4 of ITEPA 2003).

PART 2

EMPLOYMENT INCOME EXEMPTION

- 5 In Part 4 of ITEPA 2003 (employment income: exemptions), after Chapter 10 insert—

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“CHAPTER 10A

EXEMPTIONS: BONUS PAYMENTS BY CERTAIN EMPLOYERS

Limited exemption for qualifying bonus payments

312A(1) This section applies in relation to qualifying bonus payments made, in a tax year (“the tax year”), by an employer which is a company to an employee or former employee of the employer.

(2) No liability to income tax arises in respect of the qualifying bonus payments if, or to the extent that, the total chargeable amount in respect of those payments does not exceed £3,600 (“the exempt amount”).

(3) If qualifying bonus payments are made to the same person by two or more employers in the tax year, subsection (2) applies separately in relation to the total payments made by each employer, unless subsection (4) applies.

(4) If two or more employers are members of the same group at the time each of them first makes a qualifying bonus payment to the employee or former employee in the tax year, subsection (2) applies as if the reference to the qualifying bonus payments were to all the qualifying bonus payments made by those employers to the employee or former employee in that tax year.

(5) If, in a tax year—

- (a) an employer makes a payment when it is a member of a group, and
- (b) later in that tax year the employer ceases to be a member of that group,

the employer is treated for the purposes of this section as remaining a member of that group for the remainder of the tax year (without prejudice to it also being a member of any other group).

(6) In applying subsection (2)—

- (a) the exempt amount is set against payments in the order in which they are made, and
- (b) if two or more payments are made on the same day, which together take the total payments made in the tax year over the exempt amount, subsection (7) applies to determine the amount of each of those payments which is exempt.

(7) In a case within subsection (6)(b), the amount of a payment which is exempt is given by the formula—

$$\frac{P}{SP} \times REA$$

where—

P is the amount of the payment,

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SP is the sum of that payment and the other payments made on the same day, and

REA is so much of the exempt amount as remains after taking account of any qualifying bonus payments previously made in the tax year.

- (8) Where subsection (2) applies separately to different payments by virtue of subsection (3), subsections (6) and (7) also apply to those payments separately.
- (9) The Treasury may by order increase or reduce the sum of money specified in subsection (2).
- (10) A statutory instrument containing an order under this section which reduces the sum of money specified may not be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.
- (11) In this section “chargeable amount”, in respect of a qualifying bonus payment, means the amount of employment income which would be charged to tax in respect of that qualifying bonus payment, apart from this section.

“Qualifying bonus payments”

312B) A payment made by an employer (“E”) to an employee or former employee is a qualifying bonus payment if—

- (a) it does not consist of regular salary or wages,
 - (b) it is awarded under a scheme which meets the participation requirement and the equality requirement (see section 312C),
 - (c) E meets the trading requirement (see section 312D) throughout the qualifying period,
 - (d) E meets the indirect employee-ownership requirement (see section 312E) throughout the qualifying period,
 - (e) E meets the office-holder requirement (see section 312F) at the time the payment is made and on at least the requisite number of days in the qualifying period (whether or not those days are consecutive),
 - (f) E is not a service company (see section 312G),
 - (g) the payment is not excluded (see section 312H), and
 - (h) where it is a payment to a former employee, it is made in the period of 12 months beginning with the day the employment ceased.
- (2) In this section “the qualifying period”, in relation to a payment, means the period of 12 months ending with the day on which the payment is made.
 - (3) But in a case where E meets the indirect employee-ownership requirement on the day on which the payment is made—
 - (a) if the controlling interest requirement was first met during that 12 month period, the qualifying period does not include any time before it was met, and
 - (b) if the all-employee benefit requirement was first met during that 12 month period, the qualifying period does not include any time before that requirement was met.
 - (4) In this section “the requisite number of days” means—

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- (a) if the qualifying period is 12 months, the number of days in that period reduced by 90, and
- (b) if the qualifying period is a shorter period by virtue of subsection (3), the number of days in that period reduced by the corresponding fraction of 90 days.

Section 312B: the participation and equality requirements

312(1) For the purposes of section 312B—

- (a) the participation requirement is that all persons in relevant employment when the award is determined must be eligible to participate in that and any other award under the scheme, and
 - (b) the equality requirement is that every employee who participates in an award under the scheme must do so on the same terms.
- (2) A person is in “relevant employment” if—
- (a) where E is a member of a group, the person is employed by any company which is a member of the group, and
 - (b) in any other case, the person is employed by E.
- (3) The participation requirement is not infringed by reason of a person in relevant employment being excluded from participating in an award because, at the time the award is determined, the person has less than the minimum period of continuous service in relevant employment required by E.

But the minimum period required by E for this purpose must not exceed 12 months.

- (4) The participation requirement is not infringed—
- (a) by reason of a person being excluded from participating in an award where—
 - (i) disciplinary proceedings have been taken against the person by E which have resulted in a finding of gross misconduct against the person, and
 - (ii) that finding was made in the period of 12 months immediately before the time the award is determined,
 - (b) by reason of a person's eligibility to participate in an award being conditional, in a case where the person is at the time of the award subject to disciplinary proceedings taken by E, upon those proceedings being concluded and no finding of gross misconduct being made against that person, or
 - (c) by a person being treated as never having been eligible to participate in an award where, after the award was made but before the payment is made—
 - (i) a finding of gross misconduct is made against that person in disciplinary proceedings taken by E after the award was made, or
 - (ii) that person is summarily dismissed from the employment.
- (5) The equality requirement is infringed if the amount of an award to an employee under the scheme is determined by reference to factors other than those mentioned in subsection (6).

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- (6) The equality requirement is not infringed by reason of the amount of an award under the scheme to employees participating in the award being determined by reference to—
- (a) an employee's remuneration,
 - (b) an employee's length of service, or
 - (c) hours worked by an employee;
- but this is subject to subsections (7) and (8).
- (7) The equality requirement is infringed if an award is made on terms such that some (but not all) of the employees participating in the award receive nothing.
- (8) If the amount of an award is determined by reference to more than one of the factors mentioned in subsection (6), the equality requirement is infringed unless—
- (a) each factor gives rise to a separate entitlement related to the level of remuneration, length of service or (as the case may be) hours worked, and
 - (b) the total entitlement is the sum of those separate entitlements.
- (9) Subject to subsection (6), the equality requirement is infringed if any feature of the scheme has, or is likely to have, the effect of conferring benefits wholly or mainly on those participating in the award who are—
- (a) directors or former directors, or
 - (b) employees receiving the higher or highest levels of remuneration, or
 - (c) employees who—
 - (i) are employed in a particular part of the business carried on by E or, if E is a member of a group, the group, or
 - (ii) carry on particular kinds of activities.
- (10) In subsections (1)(b), (5), (6), (7) and (9) references to an employee include a former employee, so, when applying those subsections in relation to a former employee, any reference to remuneration, length of service, hours worked, being employed in a particular part of a business or carrying on particular activities is to be read as relating to that former employment.

Section 312B: the trading requirement

- 312B(1) For the purposes of section 312B, a company meets the trading requirement if—
- (a) it is a trading company which is not a member of a group, or
 - (b) it is a member of a trading group.
- (2) “Trading company” means a company carrying on trading activities whose activities do not include to a substantial extent activities other than trading activities.
- (3) “Trading group” means a group—
- (a) one or more of whose members carry on trading group activities, and
 - (b) the activities of whose members, taken together, do not include to a substantial extent activities other than trading group activities.

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- (4) In this section—
- “trading activities” means activities carried on by the company in the course of, or for the purposes of, a trade being carried on by it;
- “trading group activities” means activities carried on by a member of the group in the course of, or for the purposes of, a trade being carried on by any member of the group.
- (5) For the purposes of determining whether a company is a trading company or a member of a trading group—
- (a) the activities of the members of a group are to be treated as one business (with the result that activities are disregarded to the extent that they are intra-group activities), and
 - (b) a business carried on by a company in partnership with one or more other persons is to be treated as not being a trading activity.

Section 312B: the indirect employee-ownership requirement

- 312E) For the purposes of section 312B, a company meets the indirect employee-ownership requirement if—
- (a) a settlement meets the controlling interest requirement in respect of—
 - (i) the company, or
 - (ii) if the company is a member of a trading group, but not the principal company, that principal company, and
 - (b) the settlement meets the all-employee benefit requirement.
- (2) For this purpose—
- (a) section 236M of TCGA 1992 applies to determine if a settlement meets the controlling interest requirement in respect of the company mentioned in subsection (1)(a)(i) or (ii) (as the case may be), and
 - (b) sections 236J and 236K of that Act apply to determine if the settlement meets the all-employee benefit requirement (but see subsection (3)).
- (3) If a settlement would not otherwise meet the all-employee benefit requirement at any time during the qualifying period, section 236L of TCGA 1992 applies for the purposes of subsection (1)(b), unless the all-employee benefit requirement has (ignoring that section) previously been met at any time in the period—
- (a) beginning with 10 December 2013, and
 - (b) ending immediately before that time.
- (4) For the purposes of subsections (2) and (3)—
- (a) in sections 236I to 236M of TCGA 1992 references to C are to be read as references to the company in respect of which the settlement is required to meet the controlling interest requirement (see subsection (1)(a)), and
 - (b) section 236L of that Act applies as if the reference in subsection (1)(c) of that section to the period of 12 months ending with the time in question were a reference to the period of 12 months ending with the

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date the payment is made (even if the qualifying period is a period of less than 12 months by virtue of section 312B(3)).

Section 312B: the office-holder requirement

312(F) For the purposes of section 312B, a company meets the officer-holder requirement if the appropriate fraction does not exceed 2/5.

(2) “The appropriate fraction” means—

$$\frac{ND}{NE}$$

where—

ND is the number of persons who are one or both of the following—

- (a) a director or other office-holder of the company;
- (b) an employee of the company connected with a person within paragraph (a);

NE is the number of persons who are employees (or office-holders) of the company.

“Service company”

312(G) For the purposes of section 312B, “service company” means—

- (a) a managed service company within the meaning of section 61B, or
 - (b) a company (“SC”) in respect of which Conditions A and B are met.
- (2) Condition A is that the business carried on by SC consists substantially of the provision of the services of persons employed by it.
- (3) Condition B is that the majority of those services are provided to persons—
- (a) to whom subsection (4) applies, but
 - (b) who are not members of the same group as the company which makes the payment.
- (4) This subsection applies to—
- (a) a person who controls or has controlled, or two or more persons who together control or have controlled, SC or any company of which SC is a 51% subsidiary at the time the payment is made,
 - (b) a person who, or two or more persons who together, at any time before the time the payment is made—
 - (i) employed all or a majority of the employees of SC, or
 - (ii) employed all or a majority of the employees of SC and other companies which are members of the same group as SC at the time the payment is made (taken together), and
 - (c) any company which is a 51% subsidiary of, controlled by or connected or associated with, any person within paragraph (a) or (b).
- (5) For the purposes of subsection (4)—
- (a) a partnership is to be treated as a single person, and

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- (b) where a partner (alone or together with others) has control of a company, the partnership is to be treated as having (in the same way) control of that company.
- (6) The following provisions apply for the purposes of this section—
 - (a) section 449 of CTA 2010 (“associated company”);
 - (b) section 995 of ITA 2007 (meaning of “control”);
 - (c) section 286 of TCGA 1992 (connected persons: interpretation).

Excluded payments

- 312H) For the purposes of section 312B, a payment is “excluded” if the employee is a party to arrangements (whether made before or after the beginning of the employee's employment) under which—
- (a) the employee gives up the right to receive an amount of general earnings or specific employment income in return for the provision of the payment, or
 - (b) the employee and employer agree that the employee is to receive the payment rather than receive some other description of employment income.
- (2) In this section references to an employee include a former employee.

Interpretation of Chapter 10A

- 312I) In this Chapter—
- “company” has the meaning given by section 170(9) of TCGA 1992;
 - “trade” means any trade which is conducted on a commercial basis and with a view to the realisation of profits.
- (2) In this Chapter—
- (a) references to a group, to membership of a group, to the principal company of a group or to being members of the same group, are to be construed in accordance with section 170 of TCGA 1992, and
 - (b) references to a group are to be construed with any necessary modifications where applied to a company incorporated under the law of a country or territory outside the United Kingdom.
- (3) For the purposes of this Chapter, a payment is treated as made when it would be treated as received for the purposes of Chapter 4 of Part 2 if it were not a qualifying bonus payment (see section 18).
- (4) In this Chapter references to a payment to an employee or former employee include a payment to the personal representatives of an employee or former employee who has died if the payment is made within the period of 12 months beginning with the date of death.”

- 6 In section 717 (orders and regulations made by Treasury etc), in subsection (4) (instruments not subject to negative resolution procedure), after “to which” insert “ section 312A(10) (reduction of tax-exempt amount in respect of certain bonus payments) or ”.

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- 7 In Part 2 of Schedule 1 (index of defined expressions), at the appropriate places insert—

“company (in Chapter 10A of Part 4) section 312I”;

“trade (in Chapter 10A of Part 4) section 312I”.

- 8 The amendment made by paragraph 5 has effect in relation to payments received on or after 1 October 2014.

PART 3

INHERITANCE TAX RELIEF

- 9 IHTA 1984 is amended as follows.

- 10 (1) After section 13 insert—

“13A Dispositions by close companies to employee-ownership trusts

- (1) A disposition of property made to trustees by a close company (“C”) whereby the property is to be held on trusts of the description specified in section 86(1) is not a transfer of value if—

- (a) C meets the trading requirement,
- (b) the trusts are of a settlement which meets the all-employee benefit requirement, and
- (c) the settlement does not meet the controlling interest requirement immediately before the beginning of the tax year in which the disposition of property occurs but does meet it at the end of that year.

- (2) Sections 236I, 236J, 236K, 236M and 236T (but not 236L) of the 1992 Act apply to determine whether—

- (a) C meets the trading requirement;
- (b) the settlement meets the all-employee benefit requirement;
- (c) the settlement meets the controlling interest requirement;

with references in those sections to “C” being read accordingly.

- (3) In this section—

“close company” has the same meaning as in Part 4 of this Act;
“tax year” means a year beginning on 6 April and ending on the following 5 April.”

- (2) The amendment made by this paragraph has effect in relation to dispositions of property made on or after 6 April 2014.

- 11 (1) After section 28 insert—

“28A Employee-ownership trusts

- (1) A transfer of value made by an individual who is beneficially entitled to shares in a company (“C”) is an exempt transfer to the extent that the value

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- transferred is attributable to shares in or securities of C which become comprised in a settlement if—
- (a) C meets the trading requirement,
 - (b) the settlement meets the all-employee benefit requirement, and
 - (c) the settlement does not meet the controlling interest requirement immediately before the beginning of the tax year in which the transfer of value is made but does meet it at the end of that year.
- (2) Sections 236I, 236J, 236K, 236M and 236T (but not 236L) of the 1992 Act apply to determine whether—
- (a) C meets the trading requirement;
 - (b) the settlement meets the all-employee benefit requirement;
 - (c) the settlement meets the controlling interest requirement;
- with references in those sections to “C” being read accordingly.
- (3) In this section “tax year” means a year beginning on 6 April and ending on the following 5 April.”
- (2) The amendment made by this paragraph has effect in relation to transfers of value made on or after 6 April 2014.
- 12 (1) In section 29A (abatement of exemption where claim settled out of beneficiary's own resources), in subsection (6)—
- (a) for “to 28” substitute “ to 28A ”, and
 - (b) for “or 28” substitute “ , 28 or 28A ”.
- (2) The amendment made by this paragraph has effect in relation to transfers of value made on or after 6 April 2014.
- 13 (1) Section 72 (property leaving employee trusts and newspaper trusts) is amended as follows.
- (2) In subsection (2), after “Subject to subsections” insert “ (3A), ”.
- (3) After subsection (3) insert—
- “(3A) Where settled property ceases to be property to which this section applies because paragraph (d) of section 86(3) no longer applies, tax is not chargeable under this section by virtue of subsection (2)(a) if the only reason that paragraph no longer applies is that one or both of the trading requirement and the controlling interest requirement mentioned in that paragraph are no longer met with respect to the company so mentioned.”
- (4) The amendments made by this paragraph are treated as having come into force on 6 April 2014.
- 14 (1) After section 75 insert—

“75A Property becoming subject to employee-ownership trust

- (1) Tax is not charged under section 65 in respect of shares in or securities of a company (“C”) which cease to be relevant property on becoming held on trusts of the description specified in section 86(1) if the conditions in subsection (2) are satisfied.
- (2) The conditions referred to in subsection (1) are—

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- (a) that C meets the trading requirement,
 - (b) that the trusts are of a settlement which meets the all-employee benefit requirement, and
 - (c) that the settlement does not meet the controlling interest requirement immediately before the beginning of the tax year in which the shares or securities cease to be relevant property but does meet it at the end of that year.
 - (3) Sections 236I, 236J, 236K, 236M and 236T (but not 236L) of the 1992 Act apply to determine whether—
 - (a) C meets the trading requirement;
 - (b) the settlement meets the all-employee benefit requirement;
 - (c) the settlement meets the controlling interest requirement;
 with references in those sections to “C” being read accordingly.
 - (4) In this section “tax year” means a year beginning on 6 April and ending on the following 5 April.”
 - (2) The amendment made by this paragraph is treated as having come into force on 6 April 2014.
- 15 (1) Section 86 (trusts for benefit of employees) is amended as follows.
- (2) In subsection (3), after paragraph (c) insert “, or
 - (d) the settled property consists of or includes ordinary share capital of a company which meets the trading requirement and the trusts on which the settled property is held are those of a settlement which—
 - (i) meets the controlling interest requirement with respect to the company, and
 - (ii) meets the all-employee benefit requirement with respect to the company.”
 - (3) After that subsection insert—
 - “(3A) For the purpose of determining whether subsection (3)(d) is satisfied in relation to settled property which consists of or includes ordinary share capital of a company—
 - (a) section 236I of the 1992 Act applies to determine whether the company meets the trading requirement (with references to “C” being read as references to that company),
 - (b) sections 236J, 236K, 236M and 236T (but not 236L) of the 1992 Act apply to determine whether the settlement meets the all-employee benefit requirement and the controlling interest requirement (with references in those sections to “C” being read as references to that company), and
 - (c) “ordinary share capital” has the meaning given by section 1119 of the Corporation Tax Act 2010.”
 - (4) The amendments made by this paragraph are treated as having come into force on 6 April 2014.
- 16 (1) In section 144 (distribution etc from property settled by will), in subsection (1)(b), after “section 75” insert “, 75A ”.

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- (2) The amendment made by this section is treated as having come into force on 6 April 2014.

PART 4

MISCELLANEOUS AMENDMENTS

Finance Act 1986

- 17 (1) In section 102 of FA 1986 (gifts with reservation), in subsection (5) omit the “and” after paragraph (h) and after paragraph (i) insert “; and
(j) section 28A (employee-ownership trusts).”
- (2) The amendment made by this paragraph has effect in relation to disposals made on or after 6 April 2014.

Taxation of Chargeable Gains Act 1992

- 18 (1) In section 104 of TCGA 1992 (share pooling: general interpretative provisions), after subsection (4) insert—
- “(4A) For the purposes of this Chapter, securities of a company which are held by the trustees of a settlement, having been last acquired or deemed to be acquired by them in circumstances where section 236H or 236Q applied, shall (notwithstanding that they would otherwise fall to be treated as of the same class) be treated as of a different class from any other securities of the company acquired by those trustees.”
- (2) The amendment made by this paragraph has effect in relation to any disposal on or after 6 April 2014 of any securities (whenever acquired).

Income Tax (Earnings and Pensions) Act 2003

- 19 (1) Paragraph 27 of Schedule 2 to ITEPA 2003 (share incentive plans: requirement as to listing etc) is amended as follows.
- (2) In sub-paragraph (1), omit the “or” at the end of paragraph (b) and after that paragraph insert—
- “(ba) shares in a company which is subject to an employee-ownership trust, or”.
- (3) After sub-paragraph (2) insert—
- “(3) But a company is not a close company for the purposes of sub-paragraph (2) if it is subject to an employee-ownership trust.
- (4) A company (“C”) is “subject to an employee-ownership trust” if—
- C meets the trading requirement set out in section 312D,
 - C meets the indirect employee-ownership requirement,
 - neither C, nor any other company which is a member of the same group of companies as C, is a service company, and

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- (d) C is not under the control of another company (ignoring for this purpose another company acting in its capacity as the trustee of the settlement by virtue of which C meets the indirect employee-ownership requirement).
- (5) Section 312E (the indirect employee-ownership requirement) applies for the purposes of sub-paragraph (4), subject to the following modifications—
- (a) subsection (3) of that section has effect as if—
- (i) the words “during the qualifying period” were omitted, and
- (ii) in paragraph (a) for “10 December 2013” there were substituted “1 October 2014”, and
- (b) subsection (4) has effect as if for paragraph (b) there were substituted—
- “(b) section 236L of that Act applies as if the reference in subsection (1)(c) of that section to the period of 12 months ending with the time in question were a reference to any time on or after 1 October 2014.”
- (6) Section 312G (meaning of “service company”) applies for the purposes of sub-paragraph (4)(c), subject to the following modifications—
- (a) in subsection (3)(b), the reference to the company which makes the payment is to be read as a reference to C,
- (b) in subsection (4)(a), the reference to the time the payment is made is to be read as a reference to any time, and
- (c) in subsection (4)(b), the reference to any time before the time the payment is made is to be read as a reference to any time.”
- (4) The amendments made by this paragraph come into force on 1 October 2014.
- 20 (1) Paragraph 19 of Schedule 3 to ITEPA 2003 (SAYE option schemes: requirements as to listing) is amended as follows.
- (2) In sub-paragraph (1), omit the “or” at the end of paragraph (b) and after that paragraph insert—
- “(ba) shares in a company which is subject to an employee-ownership trust (within the meaning of paragraph 27(4) to (6) of Schedule 2), or”.
- (3) After sub-paragraph (2) insert—
- “(3) But a company is not a close company for the purposes of sub-paragraph (2) if it is subject to an employee-ownership trust (within the meaning of paragraph 27(4) to (6) of Schedule 2).”
- (4) The amendments made by this paragraph come into force on 1 October 2014.
- 21 (1) In paragraph 17 of Schedule 4 to ITEPA 2003 (CSOP schemes: requirements as to eligible shares), in sub-paragraph (1), omit the “or” after paragraph (a) and after paragraph (b) insert “, or
- (ba) shares in a company which is subject to an employee-ownership trust (within the meaning of paragraph 27(4) to (6) of Schedule 2).”
- (2) The amendment made by this paragraph come into force on 1 October 2014.

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- 22 (1) In paragraph 9 of Schedule 5 to ITEPA 2003 (enterprise management incentives: the independence requirement), after sub-paragraph (4) insert—

“(5) But the independence requirement is treated as met if the company is subject to an employee-ownership trust (within the meaning of paragraph 27(4) to (6) of Schedule 2).”

- (2) The amendment made by this paragraph comes into force in accordance with provision contained in an order made by the Treasury.
- (3) Section 1014(4) of ITA 2007 (orders etc subject to annulment) does not apply in relation to an order under sub-paragraph (2).

Commencement Information

- II** Sch. 37 para. 22(1) in force at 1.10.2014 for the purposes of the amendment made by that sub-paragraph by [S.I. 2014/2461](#), [art. 2](#)

Corporation Tax Act 2009

- 23 (1) In section 1292 of CTA 2009 (employee benefit contributions: provision of qualifying benefits), after subsection (6A) insert—

“(6B) For those purposes qualifying benefits are also provided, where a payment of money is made to a person, if and to the extent that the payment is exempt from income tax by virtue of section 312A of ITEPA 2003.”

- (2) The amendment made by this paragraph has effect in relation to payments made on or after 1 October 2014.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2014. Any changes that have already been made by the team appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)