STATUTORY INSTRUMENTS

1972 No. 1131

INCOME TAX

The Share Option and Share Incentive Schemes Regulations 1972

Made - - -	*28th July* 1972
Laid before the House of Commons	*4th August* 1972
Coming into Operation	*25th August* 1972

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by paragraphs 3 of Part I and 4 of Part VII of Schedule 12 to the Finance Act 1972(**a**), hereby make the following Regulations:—

1.—(1) The Regulations may be cited as the Share Option and Share Incentive Schemes Regulations 1972 and shall come into operation on 25th August 1972.

(2) The Interpretation Act 1889(**b**) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

(3) In these Regulations

"the Board" means the Commissioners of Inland Revenue;

"the Schedule" means Schedule 12 to the Finance Act 1972;

other expressions have the same meaning as in the Schedule.

Application for approval

2. An application for approval of a share option or share incentive scheme shall be made in writing to the Board and shall be accompanied by two copies of any information relevant to the scheme including:—

(1) the name and registered office of the company in which shares or an interest in shares may be acquired by participants;

(2) the memorandum and articles of association of that company and any relevant amendments;

(3) the announcement to shareholders of the proposal of the scheme;

(4) the resolution of the shareholders authorising the introduction of the scheme;

(5) the rules of the scheme;

(**a**) 1972 c. 41. (**b**) 1889 c. 63.

(6) the agreement, if any, to be entered into by the participants;

(7) the trust deed, if any;

(8) any other documents relating to, or having a bearing on, the scheme which have been issued or approved for issue to shareholders and/or participants;

(9) a statement whether the shares to be used for the purposes of the scheme are quoted on a recognised stock exchange and, if so, the name(s) of the stock exchange(s);

(10) the name(s) and registered office(s) of the company or companies whose directors and/or employees will be entitled to participate in the scheme.

3. If approval is given subject to the condition referred to in paragraph 2 of Part I of the Schedule being satisfied, the company shall, whenever a person obtains a right to acquire shares, or acquires shares or an interest in shares, under the scheme, notify to the Board in writing the price at which shares may be acquired by the exercise of the right or, as the case may be, the price at which shares or an interest in shares have been or may be acquired.

4. Any alteration in or relevant addition to the information furnished under Regulation 2 in connection with the application for approval shall be notified forthwith by the company to the Board in writing.

5. Where

(1) the price at which shares may be acquired by the exercise of a right obtained under an approved share option scheme is varied as provided for in paragraph 6 of Part III of the Schedule, or

(2) the price at which shares are acquired under an approved share incentive scheme is reduced as provided for in paragraph 5(2) of Part IV of the Schedule,

the company shall forthwith notify the revised price to the Board in writing, together with details of any variation in the share capital of the body issuing the shares since the rights were obtained or the shares were acquired and, where paragraph (2) above applies, the market value at that time of shares of the same class to which no other restrictions attach than restrictions attaching to all shares of that class.

Furnishing of information concerning participants in approved schemes

6. After each year of assessment the Inspector may give notice to the company or to the body from which rights are to be obtained or shares or interests in shares are to be acquired requiring it to provide, within 30 days of the date of the notice, in respect of each person participating in the scheme during that year of assessment, information as follows:—

(1) his name and address;

(2) if his address is in Scotland, his national insurance number;

(3) the Inspector by whom deduction cards are ordinarily issued;

(4) if he has obtained during the year a right to acquire shares under the scheme, the consideration, if any, given for the right, the number of shares which may be acquired by its exercise and the price at which they may be acquired, together with the amount, if any, for which shares remain to be acquired under rights obtained by him earlier;

(5) if he has during the year exercised, assigned or released a right obtained under the scheme, the date of the exercise, assignment or release and the number and price of any shares acquired;

(6) if he has acquired shares or an interest in shares under the scheme during the year, the number of shares or particulars of the interest and the price at which they were acquired, together with the amount or value of shares or interests acquired by him earlier (and remaining subject to restrictions not attaching to all shares of the same class);

(7) his relevant emoluments for that or the preceding year of assessment;

(8) any other relevant information.

7. If the company or body mentioned in Regulation 6 is not resident in the United Kingdom, the notice mentioned in that Regulation may be given to the manager of any branch or to any agent of the company or body in the United Kingdom.

By Order of the Commissioners of Inland Revenue.

A. H. Dalton,
Secretary.

28th July 1972.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

Schedule 12 to the Finance Act 1972, which supplements sections 78 and 79 of the Act, makes provision for the approval by the Board of Inland Revenue of employees' share option and share incentive schemes. Approval carries tax benefits for participants. In order to obtain approval of a scheme, the company concerned must satisfy the Board that the scheme complies with the conditions laid down in Schedule 12. Paragraph 3 of Part I of the Schedule empowers the Board to make regulations prescribing the particulars and evidence which must be provided in support of an application for approval of a scheme. Paragraph 4 of Part VII of the Schedule empowers the Board to make regulations requiring information to be given about the persons participating in approved schemes, the shares issued and rights acquired in pursuance of such schemes, and the exercise, assignment or release of such rights as appears to them to be necessary to enable them to give effect to the provisions of the Act. These Regulations are made under those powers.

The Regulations will come into effect on 25th August 1972.

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