

**BOARD OF INLAND REVENUE  
RESOLUTION 30**

**FINANCE BILL 2003  
COMMITTEE  
SCHEDULE 22**

Amendment	Page	Line
*SC 175	270	18
*SC 176	270	22

Mr Paul Boateng

(Lab - Brent South)

**Amendment 175**

Schedule 22, page 270, line 18, leave out ‘or’.

**Amendment 176**

Schedule 22, page 270, line 22, at end insert ‘or  
( ) a contract, agreement, arrangement or condition makes provision for  
the conversion of the securities (otherwise than by the holder) into  
securities of a different description.’.

**EXPLANATORY NOTE**

**SUMMARY**

1. The purpose of these amendments is to tighten the definition of convertible securities in Chapter 3 and further reduce the risk of the legislation being exploited for tax avoidance purposes. The definition will now also apply to shares or securities which convert automatically without any act by the employee.

**DETAILS**

2. These amendments add a sub-paragraph to section 436 in Chapter 3 of Part 7. Chapter 3 applies to convertible securities and interests in convertible securities (the latter covering any type of holding in the security that is less than a full holding).
3. Section 436 defines “convertible securities”. To come within the scope of the chapter the securities have to be capable of conversion either because:

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- the right to convert is held at acquisition, or
- there are arrangements under which a right to convert may be acquired later – perhaps following satisfactory performance, or
- there are arrangements under which conversion occurs automatically at a later date