

**BOARD OF INLAND REVENUE  
RESOLUTION 30**

**FINANCE BILL 2003  
COMMITTEE  
SCHEDULE 22**

Amendment	Page	Line
*SC 170	265	24
*SC 173	266	41

Mr Paul Boateng

(Brent South - Lab)

**Amendment 170**

Schedule 22, page 265, line 24, leave out from ‘restrictions’ to end of line 29.

**Amendment 173**

Schedule 22, page 266, line 41, at end insert—

‘( ) Where the chargeable event is one within section 427(3)(c) (disposal) and CD is less than AMV, the taxable amount for the purposes of section 426 is the amount determined under subsection (1) multiplied by—

$$\frac{CD}{AMV}$$

where—

CD is the consideration given for the employment-related securities, and

AMV is the actual market value of the employment-related securities immediately after the chargeable event.’.

**EXPLANATORY NOTE**

**SUMMARY**

1. The purpose of these amendments is to correct an error in a relieving provision designed to reduce the taxable amount calculated by the Chapter 2 formula dealing with restricted securities in the rare event that the employee disposes of the securities to a third party for less than market value.

**DETAILS**

2. These amendments replace the existing subsection 428(3) that does not operate correctly with a new subsection at the end of section 428.
3. The new subsection multiplies the taxable amount arrived at by using the formula in subsection 428(1) by the ratio of the sale proceeds of the employment-related securities to the restricted market value of those securities at that time.
4. The effect is to reduce the taxable amount if the sale proceeds are less than the market value. This is most likely to occur when conditional securities are forfeit and the employee receives less than their market value.