Disclaimer

This document has been provided for illustrative purposes only. The provision of this document by Ashfords LLP does not constitute legal advice and we would recommend that appropriate advice is obtained before entering into any legal documentation. Legal regulations change frequently and we cannot guarantee that this document is fully up to date with all laws and regulations at the time of access. This document may be filled in and/or used as a template, but Ashfords LLP will not accept any liability resulting from use of this document in any manner. All implied warranties or conditions are expressly excluded to the fullest extent possible.

Joint Election under s431 ITEPA 2003 for full or partial disapplication of Chapter 2 Income Tax (Earnings and Pensions) Act 2003

**One Part Election**

1. **Between**

the Employee *[EMPLOYEE NAME]*

whose National Insurance Number is *[EMPLOYEE NI NUMBER]*

and

the Company (who is the Employee's employer) *[COMPANY NAME]*

of Company Registration Number *[COMPANY NUMBER]*

1. **Purpose of Election**

This joint election is made pursuant to section 431(1) or 431(2) Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and applies where employment-related securities, which are restricted securities by reason of section 423 ITEPA, are acquired.

The effect of an election under section 431(1) is that, for the relevant Income Tax and NIC purposes, the employment-related securities and their market value will be treated as if they were not restricted securities and that sections 425 to 430 ITEPA do not apply. An election under section 431(2) will ignore one or more of the restrictions in computing the charge on acquisition. Additional Income Tax will be payable (with PAYE and NIC where the securities are Readily Convertible Assets).

**Should the value of the securities fall following the acquisition, it is possible that Income Tax/NIC that would have arisen because of any future chargeable event (in the absence of an election) would have been less than the Income Tax/NIC due by reason of this election. Should this be the case, there is no Income Tax/NIC relief available under Part 7 of ITEPA 2003; nor is it available if the securities acquired are subsequently transferred, forfeited or revert to the original owner.**

1. **Application**

This joint election is made not later than 14 days after the date of acquisition of the securities by the employee and applies to:

Number of securities *[NUMBER OF SHARES]*

Description of securities *[CLASS OF SHARE] of £[NOMINAL VALUE]*

Name of issuer of securities *the Company*

Acquired by the Employee on *[DATE OF ISSUE OF SHARES]*

1. **Extent of Application**

This election disapplies s.431(1) ITEPA: All restrictions attaching to the securities.

1. **Declaration**

This election will become irrevocable upon the later of its signing or the acquisition of employment-related securities to which this election applies.

In signing this joint election, we agree to be bound by its terms as stated above.

……………………………………….. ….….……….

Signature (Employee) Date

………………………………………. ….…..………

# Signature (for and on behalf of the Company) Date

………………………….………………

Position in company