

Limited Companies Form 42 Substitute– Limited Company Formations

The Finance Act 2003 introduced a new reporting requirement, Form 42.

Form 42 is required when shares or securities are acquired in connection with an employment (past, present, future and directorships). When a limited company is formed, a reportable event may have taken place. The Inland Revenue needs to be informed before **7th July** in the tax year following that in which the reportable events take place. (Section 421J (3) ITEPA 2003)

The new rules will be available on the Employer CD ROM from April 2006. Additional shares issued after formation are a reportable event.

From 6th April 2005 there are revised reporting requirements for

- The acquisition of most founder shares
- The purchase of shares at market value
- The acquisition by directors of further shares through a rights or capitalisation issue where the further shares would be available to all shareholders on the same terms.
- Shares acquired by directors under reinvestment or dividends arrangements (SCRIP or DRIP)
- Flat management companies
- The individual grant of options

Detailed revised guidance on completing Form 42 and the form itself can be found at

<http://www.hmrc.gov.uk/shareschemes/ann-app-schemes.htm>

The company's Agent can file a form 42, and for simple company formations it is recommended to use the substitute version which is short, simple and self explanatory.

For more details on Share Schemes:

<http://www.hmrc.gov.uk/shareschemes/>

The completed form must be sent to:

Employee Shares and Securities Unit
Rm G52
100 Parliament Street
London
SW1A 2BQ

Tel: 020 7147 2843 or 2853