

# Tax Hotline

July 02, 2001

## INDIAN GOVERNMENT ISSUES DRAFT ESOP GUIDELINES

In accordance with the powers given under section 17 of the Income Tax Act, 1961, the Central Government has issued draft guidelines in respect of Employees Stock Options ("ESOs"). These guidelines would cover all types of ESOs and the rules would be finalized after discussions.

The exercise price should not be less than the face value of shares. Companies would be required to file detailed particulars of the ESO plan in prescribed format with the Chief Commissioner of Income-tax (CCIT) within six months of issuance of these guidelines. Companies will have the discretion to determine the lock-in period, conditions of transfer, pricing formula, eligibility of employees and the manner of obtaining approval from shareholders. The scheme would be required to give all these details. In case of unlisted companies, CCIT should approve the basis of valuation of shares issued.

Our next "Legal Update" will cover the details of these guidelines upon finalization.

Source: *The Economic Times*, July 2, 2001; *Business Standard*, June 30, 2001

## DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### Mergers & Acquisitions

July 11, 2025

### New Age of Franchising

June 20, 2025

### Life Sciences 2025

June 11, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Reimagining CSR: From Grant Giving to Blended Finance & Outcome Based Funding

June 16, 2025

### Courts vs Bankruptcy code: The

