

# *Employee Incentives Group*

## *Spring 2014 Bulletin*



May 2014

### **New Online Share Scheme Registration Obligations**

If you operate an employee share scheme, you will need to register it with HM Revenue & Customs (HMRC) using the Employment Related Securities (ERS) Online Service. This registration requirement applies to all the share incentive arrangements you operate, whether or not they are tax-advantaged. It therefore extends to Share Incentive Plans (SIP), SAYE Option Schemes (SAYE), Company Share Option Plans (CSOP), Enterprise Management Incentives (EMI) and any other non tax-advantaged arrangement where shares or securities are offered by way of remuneration. You should note the following:

- The company secretary of the company that established the scheme (scheme organiser) is responsible for its registration.
- You only need to register a scheme once. The scheme will be allocated a scheme reference number when it is registered. It is our understanding that all non tax-advantaged arrangements that you operate will be given a single reference number.
- The deadline for registration depends upon the type of scheme and when the scheme was established as explained in the tables below:

#### **SAYE/SIP/CSOP**

|   | <b>Registration deadline</b>  | <b>Points to note</b>  |
|---|---|--|
| <b>SAYE/SIP/CSOP schemes approved before 6 April 2014</b>         | Register by <u>6 July 2015</u>  | Failure to register in time will cause tax-advantages to be lost for:<br><br>SAYE options granted and SIP awards made on or after 6 April 2014; and<br><br>Outstanding CSOP options (whenever they were granted)<br><br>The company will also need to self-certify the plan (see "Self-Certification" below) |
| <b>SAYE/SIP/CSOP schemes established on or after 6 April 2014</b> | Register by 6 July following the tax year in which the first award was made | Failure to register in time will mean that the CSOP, SAYE or SIP schemes will not be tax-advantaged for the tax year<br><br>The company will need to self-certify the plan (see "Self-Certification" below)  |

#### **Non tax- advantaged arrangements**

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| <b>Non tax- advantaged arrangements which have previously been reported to HMRC on Form 42</b> | Register by 6 July following the tax year in which the <u>next</u> reportable event occurs | Once the arrangement has been registered an end of year return must be submitted each year. This is the case even if a reportable event has not occurred |
| <b>Non tax- advantaged arrangements which have not previously been reported to HMRC</b>        | Register by 6 July following the tax year in which the first reportable event occurs       | Once the arrangement has been registered an end of year return must be submitted each year. This is the case even if a reportable event has not occurred |

## EMI

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|---|---|---|
| <b>EMI options granted before 6 April 2014</b>      | Notify HMRC within 92 days of grant using form EMI1         |   |
| <b>EMI options granted on or after 6 April 2014</b> | Notify within 92 days of grant using the ERS Online Service | You will need to register the scheme in order to notify the grant of the EMI option. HMRC have stated that the notification can be submitted in the same online session as the registration<br><br>When EMI options are granted, individuals will need to sign a declaration that they meet the working time requirements. This declaration can take the form of a clause in the option agreement or a standalone declaration and a copy must be provided to the employee within seven days of signing it. The declaration must be retained by the employer company |

To register your share incentive arrangements online, you must first sign up to the HMRC Online Service and have access to PAYE for employers. HMRC have indicated that it can take up to 7 days for your login details to be sent through the post so you need to make sure you apply in time to meet the registration deadlines set out above.

## Reporting Requirements

### Share Scheme Annual Returns for tax year ending 5 April 2014 – the last paper returns

2013/14 is the last year for which HMRC will accept paper returns. As in previous years, if you operate an HMRC tax-advantaged scheme, HMRC should have notified you of your filing obligations. Even if they have not, if you operated a share plan during the last tax year (including non tax-advantaged arrangements) you will need to submit a return before the filing deadline to avoid penalties.

Generally, the latest filing deadline is 6 July 2014, however, if you have received a letter of notification from HMRC you need to check this as it might specify a different date. The returns themselves are largely the same as in previous years although some amendments have been made to take account of changes in law made by Finance Act 2013. If you require any assistance with completing your end of year returns, please contact a member of the Travers Smith Employee Incentives Group.

### Share Scheme Annual Returns for tax year ending 5 April 2015 onwards – new online reporting requirements

From the 2014-15 tax year onwards all annual returns for employment-related securities arrangements must be submitted online and include an attachment containing supporting information. HMRC have published templates that can be completed throughout the year to collect the necessary information and then submitted online by 6 July of the following tax year. Each incentive arrangement will have been given a reference number when it was registered. It is a requirement that an annual return is filed (including a nil return if there has been no activity in relation to the scheme) against each reference number. HMRC have indicated that guidance on the annual return process will be provided later in the year but in the meantime the templates have been published and can be accessed from the HMRC website in Open Document Format. The first end of year returns can be submitted online from 6 April 2015 and must reach HMRC by 6 July 2015.

## Self-Certification for SIP, SAYE and CSOP

The pre-approval process for SIP, SAYE and CSOP (tax-advantaged plans) was withdrawn from 6 April 2014 and replaced with a new self-certification regime. From that date, any company intending to operate a tax-advantaged plan will need to satisfy itself that it meets the relevant statutory requirements. HMRC will no longer comment on whether or not the conditions are satisfied. The self-certification declaration is made as part of the registration process.

### Tax-advantaged plans established on or after 6 April 2014

A company will need to self-certify its tax-advantaged plan when it registers it with HMRC. It must declare that the plan meets the relevant legislative requirements at the earlier of (i) the date of the declaration and (ii) the date on which the first award was made or option granted under the plan.

### Tax-advantaged plans established before 6 April 2014

Where the plan was approved before 6 April 2014, the company must still make a self-certification declaration on or before 6 July 2015 if it wants the plan's tax-advantaged status to be continued. This declaration will be made at the time the plan is registered.

## Automatic changes to existing plans

This year's Finance Act will make a number of changes to the legislation governing tax-advantaged plans. Some of these changes will be automatically read into pre-existing plan rules in which case companies will not need to amend them. Nevertheless, for the sake of clarity, companies might prefer to amend their rules to specifically include these changes. If you would like to discuss these provisions or any aspect of this Bulletin please contact a member of the Travers Smith Employee Incentives Group:

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