

Online registration and reporting of share plans

- **Every employee share plan must be registered with HMRC no later than 6 July 2015. This includes previously "approved" SIP, SAYE and CSOP plans, EMI and non tax-advantaged plans.**
- **6 July 2015 is also the deadline for submitting annual share plan returns online to HMRC for the tax year 2014-15.**
- **EMI options have to be reported online within 92 days of the grant date and the EMI arrangements must be registered first.**
- **If the deadline for registration and self-certification of tax-advantaged plans is not met, the tax advantages will be lost for 2014-15 and, possibly, for earlier years.**
- **There will also be penalties for late returns.**
- **The online registration process can take some time to set up. If you have not registered already, you must start now.**

Registration

Which plans need to be registered by 6 July 2015?

All SIP, SAYE and CSOP plans which were approved by HMRC before 6 April 2014 and new plans under which any awards or options were granted during the 2014-15 tax year.

EMI option arrangements for which an option was granted before 6 April 2015.

All "Other" non tax-advantaged share plans for which there was a reportable event during the tax year 2014-15. Reportable events include grants of options or awards and acquisitions of shares by employees and other taxable events relating to shares held by employees (see below for more examples).

"Other" plans include any other arrangements for employees to acquire shares or other securities in connection with their employment, even if they are not the Company's own shares.

Which plans don't need to be registered by 6 July 2015?

Any plans where the first grants or awards were made on or after 6 April 2015 (unless they are a SIP, SAYE or CSOP plans which received HMRC approval before 6 April 2014).

Non tax-advantaged plans for which there was no reportable event during 2014-15.

Can an agent register for you?

No. Companies must register plans themselves; but subsequent reporting (see below) can be done by an external administrator or other agent.

Do plans need to be registered separately?

If the Company operates more than one tax-advantaged SIP, SAYE or CSOP, each of these plans must be registered as a separate scheme.

All tax-advantaged EMI arrangements should be registered as a single scheme.

You have the choice of registering non tax-advantaged plans either as a single "Other" scheme or as two or more separate "Other" schemes. For most companies, it will be easier to register just one "Other" scheme. In some cases, for example where plans have different administrators, it might be convenient to register them separately.

There must be an annual return submitted for each registered plan, even if there have been no reportable events during the tax year.

If a share plan includes a separate tax-advantaged schedule or appendix, it should be registered as two separate schemes – for example the main part of the plan as "Other" and a tax-advantaged schedule as a CSOP (or EMI).

How do you get to the registration site?

The Company must first be registered with HMRC's PAYE Online system. Any active or live PAYE reference number operated by a company in the group can be used.

You start registration through the Employer's Gateway and need to log in with a User ID and Password.

Follow links to "Services you can use" – "PAYE for employers" – "Employment-related securities" – "Register a scheme or arrangement".

What information do you need to register a plan?

The type of plan – ie SIP, SAYE, CSOP, EMI or Other.

In the case of SIP, SAYE or CSOP, whether it was approved by HMRC before 6 April 2014.

The tax year of the first event. This must be "**2014-15**" for all plans under which the first award or grant was made before 6 April 2015.

The name of the plan. This should include the company name plus the name shown in the scheme rules. In the case of EMI arrangements, this could just be "EMI" and for non tax-advantaged "Other" plans and arrangements, the term "Unapproved Schemes" could be used.

The company's corporation tax reference number. If the company is not registered for corporation tax, this can be left blank.

The company registration number. Again, this can be left blank.

How do you know your plan has been registered?

You will receive an on screen confirmation, which we recommend you should print off for your records.

How do you get the Unique Registration Number?

After a plan has been registered, you will need to log back into the system a few days later to obtain the Unique Registration Number. This will not be the same as any HMRC reference which has been allocated to the plan in the past. It will also be different from the acknowledgement reference given at the time of registration.

The Unique Registration Number will not be sent to you by post or email.

What if you miss the deadline?

If a tax-advantaged SIP or SAYE plan is not registered correctly by the **6 July 2015** deadline, all awards and grants made in the tax year 2014-15 will **lose their tax advantages**. This includes all plans which were approved by HMRC before 6 April 2014, as well as those first introduced in the 2014-15 tax year.

If a tax-advantaged CSOP is not registered correctly by **6 July 2015**, including one previously approved by HMRC, all outstanding options (and those exercised since 6 April 2014) will **lose their tax advantages**.

If the plan is not registered in time, you will not be able to complete the online annual return and this will result in **penalties** (see below).

Have you selected the right type of plan?

HMRC tells us that many companies have registered their plans as the wrong type or registered the same plan more than once.

A common error is to call a non tax-advantaged share option plan "CSOP" or "EMI".

Plans should only be registered as Share Incentive Plan (SIP), Save-As-You-Earn (SAYE), Company Share Option Plan (CSOP) or Enterprise Management Incentive (EMI) if they qualify for special tax advantages.

All non tax-advantaged plans (or other employee share participation arrangements) should be registered as "Other" schemes and arrangements.

What do you need to do if you've registered the wrong type of plan?

If a share plan has been registered incorrectly, this could attract a penalty of up to **£5,000**, as well as the loss of tax advantages for SIP, SAYE and CSOP awards and grants (see above) – unless this is corrected by **6 July 2015**.

If a share plan has been registered incorrectly, you should record it as having ceased. In the online registration site, select "view schemes and arrangements", select the plan and in "date of final event" insert a date that is in the tax year 2014-15. You will still need to complete a nil annual return for 2014-15 for the ceased scheme.

The plan should then be registered under the correct type no later than **6 July 2015**.

Self-certification

Which plans have to be self-certified?

Tax-advantaged SIP, SAYE and CSOP.

Self-certification is not needed for EMI.

How do you self-certify?

If you have selected one of these as the type of plan, the self-certification screen will appear as part of the registration process. You have to self-certify at the same time as registering one of these types of plan.

You declare that the plan meets the requirements of the legislation for the relevant tax-advantaged share plan.

How do you know whether the plan meets the requirements of the legislation?

If the plan was approved by HMRC before 6 April 2014 and any subsequent changes before that date were also approved, the company can assume that it comes within the relevant legislation.

Any subsequent changes to "key features" of the plan must be reported on the annual return for the relevant tax year, together with confirmation that the plan continues to meet the requirements of the legislation. Companies should take appropriate professional advice before making this declaration.

How do you know you've self-certified?

If a SIP, SAYE or CSOP has been registered correctly, it will also have been self-certified.

Reporting EMI Option grants

How do you report EMI Option grants?

Since 6 April 2014, EMI grants must be reported to HMRC through the online registration system, instead of on Form EMI 1. This cannot be done until after the EMI arrangements have been registered online.

When do they need to be reported by?

The 92-day deadline for notification of EMI option grants to HMRC still applies.

How do you know the options have been reported?

An acknowledgement will be given on screen. We recommend that this should be printed out and kept with your records.

The online site will tell you when the last EMI notification was made but will not give you a list of all the EMI options which have been notified.

What if you miss the deadline?

Generally, the EMI option will not benefit from any income tax exemptions.

If the deadline for notification of an EMI option has been missed solely because of online service issues, HMRC will accept this as a reasonable excuse for late notification. You will still need to submit the Unique Registration Number with the explanation.

How does the employee make a working time declaration?

The declaration by option holders that they meet the minimum working time requirement in the EMI legislation is no longer part of the notification process. However, the individual still needs to sign a written declaration. There is no template or model for this declaration. The wording on the old Form EMI 1 could be used or the declaration could be incorporated into EMI Option Agreements.

Annual returns

Which share plans require online returns?

There needs to be a separate online return completed for every registered plan. So if, for example, there are two registered SAYE plans, two returns must be submitted.

Annual returns are made through the same online system used to register the plans and require the Unique Registration Number for each plan.

What events need to be reported?

Reportable events are broadly the same as were required on the old paper forms 34 (SAYE), 35 (CSOP), 39 (SIP), 40 (EMI) and 42 (unapproved).

They include:

- grants of options or conditional awards
- exercise of options
- acquisitions of shares or interests in shares by employees
- assignment or release of options or awards for a consideration
- other taxable events relating to shares held by employees, including removal of restrictions on the shares.

What if there have been no reportable events?

A nil return must be submitted.

If a plan is no longer used and no further reportable events are expected, the “date of final event” should be inserted against the plan in the online system. A final online annual return must then be made for the tax year containing the final event.

What is the deadline for online returns

6 July following the end of the tax year – for example **6 July 2015** for the tax year 2014-15.

HMRC will not send out any reminders.

Can attachments be added to the annual return?

Yes, attachments can be uploaded but will only be accepted in the correct format. HMRC provides templates in .ODS format:

(<https://www.gov.uk/government/collections/employment-related-securities>). There is a free spreadsheet checking service – click “Check your ERS files”, which gives immediate feedback. **We strongly recommend using the checking service before submitting returns.**

Most common errors in spreadsheets are using decimals where a whole number is needed, using the wrong number of decimal places and using the wrong date format. You should not change the HMRC template in any way – for example, any part which does not apply should be left blank (and not deleted).

Companies can create their own templates but should contact HMRC to ensure they meet the guidelines. The only formats permitted are .ODS and .CSV.

Can an agent complete the annual return for us?

Yes, an external administrator or other agent can complete and submit an annual return on the company's behalf. You will have to provide them with your PAYE reference number and your Accounts Office reference. They will then log in and request permission to act as your agent.

HMRC will send you an authorisation code in the post. This will take up to seven days and it will be sent in an unmarked white envelope addressed to the person who is registered for PAYE. When you receive the authorisation code, email it to your agent.

What if you miss the deadline?

The penalties for failure to submit an annual return for 2014-15 by **6 July 2015** are:

Return outstanding at 7 July 2015: £100.

Return outstanding after 3 months: additional £300.

Return outstanding after 6 months: additional £300.

Return outstanding after 9 months: additional £10 for each day it remains outstanding.

What if a mistake is made on an annual return?

A full amended return must be made without delay. (This does not need to meet the 6 July deadline.)

The penalty for submitting an incorrect return is **£5,000**.

This Share Plans Update is intended to give readers an overview of recent share plan developments. Companies should take appropriate professional advice on their particular circumstances before taking action on any of these issues.

For further information about any of the matters discussed above, please contact Mike Landon at michael.landon@mm-k.com or 020 7283 7200 or your usual MM&K consultant.