

The long-established procedure of prior HMRC approval of tax-advantaged share plans is to be scrapped with effect from 6 April 2014. Also, in response to the recommendations of the Office for Tax Simplification, changes are to be made to the procedures for notifying grants of awards under all types of employee share plans.

Details of the changes were set out in the first draft of the Finance Bill 2014, which was published in December 2013. However, there has been a lot of head-scratching going on since, particularly about companies' new obligations with respect to plans which were approved by HMRC some time ago.

The amended Finance Bill may not emerge until after the Budget on 19 March, which is quite late, considering that many of the new rules come into effect from 6 April. So in the meantime this is our understanding of what you will need to do from then on:

Register

All operating plans, new or old, whether approved by HMRC or not, need to be registered online. Even "one-off" share awards (not granted under a plan) must be included. Unapproved arrangements can be separated into as many registrations as you wish, but each will require an annual return (see below) in due course. Thankfully, the details required are straightforward and few. Companies (not agents) can register from 6 April 2014 onwards. The deadline for registration of any arrangement under which awards are granted in the 2014/2015 tax year is 6 July 2015.

Self-certify

If you indicate on registration that your plan is a company share option plan (CSOP), share incentive plan (SIP) or savings-related share option scheme (SAYE), in addition the company secretary must self-certify the plan, including a declaration. Details of the declaration are still being ironed out, but it is probably safe to assume that it will be along the lines of confirming that the plan complies with the new legislation and has done so since at least the date of the first grant of awards after 6 April. For more details of the new requirements for these plans, please refer to our alert "[The End of the Line for HMRC-Approved Status of Share Plans](#)". Action to ensure compliance with the new rules may be required soon if you intend to grant awards under any of these plan types on 6 April 2014 or shortly afterwards.

Existing plans that have previously been approved by HMRC but with rules that may not satisfy the requirements of the new legislation (as amended by the Finance Bill) will be "grandfathered", details of which are awaited. HMRC will issue guidance on this point and we expect HMRC to make it clear that existing approved plans will not have to be amended before 6 April to take in the Finance Bill changes.

As before, companies will self-certify Enterprise Management Incentive (EMI) options on the HMRC form of notification of grant of EMI options, within 92 days of the date of grant. From 6 April 2014 onwards, these forms must be submitted online – HMRC will not accept paper forms after that date. In addition, instead of the employee signing the paper form to certify that he satisfies the "working time requirement", he must confirm that in writing to the company before the form is submitted.

Make Annual Returns Online

The 2013/2014 tax year is the last for which HMRC will accept share scheme returns on paper. Annual returns for the 2014/2015 tax year onwards will have to be submitted online. Template forms are expected to be available from April 2014, but it will only be possible to make returns online for plans that have been registered.

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