

Year-End Reporting for Equity Incentive Plans With UK Participants Due July 6

June 8, 2018

This alert serves as a reminder of the need for year-end reporting to the UK tax authorities (HMRC) with respect to options and other equity incentive awards granted to, and share acquisitions by, UK employees which occurred between April 6, 2017, and April 5, 2018. The requirements are relevant to both UK and US companies.

Annual returns must be submitted by midnight (UK) time on Friday, July 6, 2018, via the HMRC Employment Related Securities (ERS) online service. Companies must have:

- registered to use the service;
- registered each plan or arrangement; and
- self-certified any UK tax advantaged plans.

If you have not yet registered to use the ERS online service, you should do so before June 28, 2018, as registration may take several days.

There are consequences and penalties for non-compliance.

Online filing of annual returns in relation to UK tax-advantaged and non-tax advantaged plans or arrangements

The requirements catch all options and equity incentive awards granted to, and shares acquired by, UK employees by reason of their employment. Reporting may also be required in respect of non-UK resident employees who carry out work duties in the UK.

The requirements apply to both UK and non-UK companies.

A separate online return must be filed for each registered **UK tax-advantaged plan** (EMI, CSOP, SAYE or SIP) by the July 6, 2018 deadline. A failure to register a tax-advantaged plan in time will affect the tax treatment of future participants (and additionally, in the case of CSOPs, current participants). You must also notify HMRC if you have amended a key feature of a tax-advantaged CSOP, SAYE or SIP, and state whether the amendment has caused the plan to cease to meet the legislative requirements.

For non tax-advantaged plans or arrangements, you can choose whether to file separate returns for each arrangement, or a single return covering them all. The returns will contain details of any share options that have been granted and exercised, as well as any other reportable events in relation to employment-related securities.

View ERS [annual return templates and associated HMRC guidance](#).

Penalties for non-compliance

Failure to file these annual returns on time will result in an automatic penalty of £100 per registration, and any benefits from tax-advantaged plans may be lost. Additional penalties will arise where submissions remain outstanding by October 6, 2018 (an additional £300) and January 6, 2019 (a further £300). Please note that you must file nil returns for all inactive plans.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. When advising companies, our attorney-client relationship is with the company, not with any individual. This content may have been generated with the assistance of artificial intelligence (AI) in accordance with our AI Principles, may be considered Attorney Advertising and is subject to our [legal notices](#).

Key Contacts

Paula Holland London	pholland@cooley.com +44 (0) 20 7556 4250
-------------------------	---

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.