

UK Reporting for Share Plans with UK Participants Due July 6

June 8, 2021

The deadline is approaching for the HM Revenue and Customs (HMRC) year-end reporting requirements for companies in the UK, US and elsewhere with share options and other share awards granted to, and share acquisitions by, UK employees between April 6, 2020, and April 5, 2021. Reporting may also be required in respect of non-UK resident employees who carry out work duties in the UK.

These annual returns must be submitted by midnight (UK) time on Tuesday, July 6, 2021 via the HMRC Employment Related Securities (ERS) online service. By such date, companies must have:

- registered to use the service;
- registered each plan or arrangement;
- self-certified any UK tax-advantaged plans; and
- reported each share award grant and share acquisition related to a share award that occurred during the relevant reporting period.

If you have not yet registered to use the ERS online service, you should do so as soon as possible and no later than June 29, 2021, as registration may take several days.

Nil returns are required for all inactive plans covering UK employees until you have notified HMRC that the plan has ceased through the ERS online service.

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

The requirements catch all share options and share awards granted to, and shares acquired by, UK employees by reason of their employment, including participation in non-UK arrangements such as US employee stock purchase plans known as ESPPs. They also catch the cancellation of existing share awards and certain other events such as variations, lapses and sales of shares for more than market value.

A separate online return must be filed to report transactions under each registered UK tax-advantaged plan (EMI, CSOP, SAYE or SIP) by the July 6, 2021 deadline.

Non-tax-advantaged plans or arrangements

These are referred to on the HMRC website as “other” plans. You can choose whether to file separate returns for each arrangement or a single return covering transactions occurring under all non-tax-advantaged plans and arrangements. The returns are required to contain details of any share options that have been granted or exercised, as well as any other reportable events in relation to employment-related securities (including cancellations, variations, lapses and sales of shares for more than market

value).

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

Penalties for non-compliance

Failure to file these annual returns on time will result in an automatic penalty of £100 per plan / arrangement, and any benefits from tax-advantaged plans may be lost. Additional penalties will arise where submissions remain outstanding by October 6, 2021 (an additional £300), January 6, 2022 (a further £300), and HMRC has discretion to impose further penalties in relation to any returns that remain outstanding after April 6, 2022.

In addition to penalties for failing to file these annual returns, a failure to register a tax-advantaged plan will affect the tax treatment of future participants (and additionally, in the case of CSOPs, current participants).

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. This content 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
Nicola Squire London	nsquire@cooley.com +44 (0) 20 7556 4506

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.

