



# EMPLOYEE SHARE SCHEMES: NEW ONLINE FILING REQUIREMENTS

*HMRC have introduced important changes to the way that new and existing employee share schemes are administered and how they must be reported to HMRC by employers.*

The changes take effect from 6 April 2014 and include:

- Online registration of all existing and new employee share schemes and arrangements.
- Online self-certification that tax advantaged schemes (SIP, SAYE, CSOP) meet legislative requirements.
- Online notification of grant of Enterprise Management Incentive (EMI) options.

The online service is obligatory – it is not possible to file the returns on paper. In particular, if you do not self-certify online to confirm that SIP, SAYE and CSOP schemes meet legislative requirements, any tax advantages will be lost.

For 2013/14 only, annual returns, such as Form 42 and EMI 40, must still be submitted on paper.

## Reporting of Employee Share Schemes from 6 April 2014

### (a) Tax Advantaged Schemes (SIP, SAYE and CSOP)

New schemes which commence on or after 6 April 2014 must register and self-certify online by 6 July following the tax year in which the first award of shares was made.

Existing tax advantaged schemes, approved before 6 April 2014, must register and self-certify by 6 July 2015.

If a scheme is not registered on time, the tax advantages will be lost for share awards and exercises made after 6 April 2014.

### (b) EMI Option Schemes

Options granted on or after 6 April 2014 must be reported online within 92 days of the date of grant, or they will not be qualifying options.

However, note that options granted before 6 April 2014 and notified in 2014/15 must be reported on EMI 1 paper forms.

From the 2014/15 tax year onwards, details of options exercised, cancelled, and lapsed, etc. that would ordinarily be reported on Form EMI 40 must be submitted online and included on an attachment containing the supporting information. The attachment can be used throughout the year to gather the supporting information. Returns must be submitted online by 6 July following the end of the tax year to avoid penalties and keep any tax advantages.

### (c) Non-Tax Advantaged Schemes

All schemes must register online and file an annual return online by 6 July following the tax year in which the first reportable event occurs on or after 6 April 2014.

However, schemes set up before 6 April 2014, and for which a Form 42 has been submitted previously, need only register by 6 July following the end of the tax year when the next reportable event occurs. So, if there are no reportable events in 2014/15, but there are in 2015/16, registration online is not required until 6 July 2016.

## Business Tax Alert

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

and at

Lower Mill  
Kingston Road  
Ewell  
Surrey  
KT17 2AE

T +44 (0)20 7842 2000  
F +44 (0)20 7842 2080

firstname.lastname@rawlinson-hunter.com  
www.rawlinson-hunter.com

Once registered, annual returns will need to be filed online whether there have been any reportable events or not. Attachments containing the supporting information for the annual returns can be used throughout the year to gather the supporting information, but must be submitted online by 6 July following the end of the tax year.

## How to Register, Self-Certify and File Online

Employee share schemes must be registered using HMRC's new ERS (Employment Related Securities) Online service, accessed through HMRC's PAYE Online services.

Your company may already be signed up to use the PAYE Online service and you can use your existing user ID and password to register your employee share schemes, self-certify tax-advantaged schemes, make EMI notifications and file annual returns.

Alternatively, you can authorise an agent (or more than one agent) to view scheme details and complete and file returns. An agent will be able to see details of all share schemes registered under a PAYE reference, although they will not be able to see details of your payroll.

## Annual Returns for 2013/14

### (a) Form 42

A Form 42 return for 2013/14 must be completed and submitted to HMRC on paper by 6 July 2014 to notify HMRC of a reportable event in relation to employee share schemes in the year to 5 April 2014.

If you have been issued with a Form 42, a nil return should be made even if no reportable event has occurred.

### (b) EMI 40

The EMI 40 return for 2013/14 must be completed and submitted on paper by 6 July 2014 to report the exercise, cancellation, forfeit or lapse of any EMI options which have occurred in the year to 5 April 2014.

## How Rawlinson & Hunter Can Assist

Rawlinson & Hunter can provide support for your company as follows:

- Provide further advice on your company's registration for the new ERS Online service for any employee share schemes, the requirement to notify EMI grants online, and your annual online reporting obligations.
- Register ourselves as your tax agents for the ERS Online service for some or all of your employee share schemes
- Assist you with filing your paper annual returns (Form 42 and EMI 40) for the 2013/14 tax year.

If you would like to discuss the new online reporting of employee share schemes further, or to discuss how we can assist in meeting your company's reporting obligations on paper for 2013/14 and then online in 2014/15 and subsequent years, please speak to your usual Rawlinson & Hunter contact or one of the following business tax specialists:

Andrew Shilling	020 7842 2135	andrew.shilling@rawlinson-hunter.com
Craig Davies	020 7842 2136	craig.davies@rawlinson-hunter.com
Karen Doe	020 7842 2151	karen.doe@rawlinson-hunter.com
Neil Insull	020 7842 2146	neil.insull@rawlinson-hunter.com
Daniel Taylor	020 7842 2152	daniel.taylor@rawlinson-hunter.com
Sarah Fernando	020 7842 2147	sarah.fernando@rawlinson-hunter.com
Jonathan Savage	020 7842 2153	jonathan.savage@rawlinson-hunter.com

### Partners

Chris Bliss FCA  
Simon Jennings FCA  
Philip Prettejohn FCA  
Mark Harris FCA  
Frances Jennings ACA  
David Barker CTA  
Kulwam Nagra FCA  
Paul Baker ACA  
Sally Ousley CTA  
Derek Rawlings FCA  
Andrew Shilling FCA  
Craig Davies FCA  
Graeme Privett CTA  
Chris Hawley ACA  
Phil Collington CTA  
Toby Crooks ACA

### Directors

Lynnette Bober ACA  
Mark Bonnett CGMA  
Mike Cunningham ACA  
Karen Doe  
Michael Foster CTA  
Nigel Medhurst AIT  
Alex Temlett CA

### Consultants

Bob Drennan FCA  
Ralph Stockwell FCA

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