



## New U.K. Stock Plan Annual Reporting and Registration Requirements

May 2015

### TO: OUR CLIENTS AND FRIENDS

New online registration and annual tax reporting requirements for **equity compensation programs operating in the U.K.** apply for the U.K. tax year ended April 5, 2015. Under these new rules, companies operating equity compensation arrangements in the U.K., whether or not tax-qualified, must register all such arrangements with the U.K. tax authority HMRC through an online registration system. Most stock plans, in particular all tax-advantaged schemes (such as Enterprise Management Incentive (EMI) options, company share option plans (CSOPs) and save-as-you-earn (SAYE) plans), must be registered, and annual returns for the 2015 tax year ended for such plans filed online, by **July 6, 2015**. This new registration process apparently replaces the prior requirement that employers get HMRC approval of tax-advantaged arrangements.

Stock plans operated in the U.K. by U.S. companies (including stock options and Section 423 purchase rights) are covered by these new requirements.

Registration of stock plans is to be done through the HMRC ERS Online Service, both initially in 2015 and then on an annual basis going forward. The registration process appears fairly straightforward; the corporate Secretary or designee will need input the required information about the plan through this online service. Although much of the information required is simple (company name, etc.), clients likely will want to get advice to ensure that they provide correct information with regard to certifying which U.K. tax rules their tax-advantaged schemes qualify under and declaring the year in which such tax-qualified awards were first granted.

In addition to the registration requirement, companies will be required to file online through the ERS Online Service annual returns for stock plans (the annual return requirement is not new; the online filing requirement is). Companies are also required to notify HMRC through this online service of EMI option grants within 92 days of grant.

Failure to register a plan or to comply with the online reporting requirements will result in penalties, including, in the case of tax-advantaged arrangements, potential loss of the preferential tax treatment.

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