



GMS Flash Alert

Global Compensation Edition

2017-061 | April 5, 2017



United Kingdom – 6 July Employer Reporting Deadline for Share Plans and ERS

The deadline for U.K. filing employment-related securities (ERS) annual returns for the 2016/17 tax year is **6 July 2017**.¹

WHY THIS MATTERS

This is an employer reporting obligation and so companies must comply.

Automatic penalties will arise for returns not submitted by the deadline. The U.K. tax authorities take compliance seriously and failure to file the annual return on time may also lead to closer scrutiny on other employer-related compliance.

Although July may seem some way off, it can take several weeks to prepare the returns. Further, if ERS arrangements have not already been registered online, the process can take even longer.

What Needs to Be Reported?

The following events are reportable:

- The acquisition of shares or other securities (including loan notes, carried interest, partnership interests, etc.), even if the acquisition was at market value;
- The grant and exercise of securities options (restricted stock units are often treated as securities options for U.K. tax reporting);

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- Certain disposals of securities (which give rise to U.K. tax liability);
- Vesting or disposal of restricted securities; and
- Events under U.K. tax-advantaged plans (i.e., share incentive plans (SIPs), save as you earn (SAYE) plans, company share option plans (CSOPs), and enterprise management incentives (EMI) options) for which separate returns must be made.

Cash-settled incentive plans do not usually need to be reported. However, the grant of awards may need to be reported if they could be settled in equity.

Who Should Report?

Each of the following is a “responsible person” with a reporting obligation:

- The employer;
- The issuer of the shares or securities (normally the parent of the group);
- A host employer with a U.K. payroll obligation (e.g., a U.K. company for whom a non-U.K. employee is working on assignment); and
- Any person from whom shares or securities were acquired.

If one responsible person reports an event, this discharges the obligation of all responsible persons.

KPMG NOTE

While the responsibility for filing returns technically rests with the company’s secretary, in practice, the task may be carried out by representatives of the compensation and benefits, finance, legal, HR, tax, or payroll functions. A company should make sure there is internal clarity about who will manage the filing of any returns.

How to Report

The returns for 2016/17 have been released and can be downloaded via the following link:

<https://www.gov.uk/guidance/tell-hmrc-about-your-employment-related-securities> .

KPMG NOTE

This is now the third year of online filing in the U.K. and paper forms can no longer be used. All returns must be submitted electronically. There are no substantive changes from last year’s returns.

If there are reportable events for the tax year and a plan has not previously been registered online, the first step is to register the plan in order to file the annual return by 6 July 2017.

KPMG NOTE

Since it can take a few days for registration to be recognised, we would advise registration be made online as soon as possible.

Only the company itself – not an external payroll provider or other adviser – can register a share plan. Once a plan is registered, however, a company can appoint an ERS agent and authorise that agent to submit annual returns online.

If a company needs to report events for a previously-registered ERS arrangement, there is no need to re-register that plan. A separate return must be filed in respect of each registration.

For registered ERS arrangements with no reportable events for the 2016/17 tax year, a 'nil return' must be filed to avoid automatic penalties.

FOOTNOTE:

1 For related information, see the HMRC [website](#).

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Contact us

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