

GMS Flash Alert

Global Compensation Edition

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Ireland - Commencement Order Makes KEEP Measures in Finance Act Operational

The Commencement Order¹ has been made (23 January 2018) which gives effect to Ireland's Finance Act 2017. As a result, the Key Employee Engagement Programme ("KEEP") measures provided for in the Finance Act are now operational. The KEEP measures provide for a new employee share incentive scheme designed to help small and medium enterprises ("SMEs") attract and retain key personnel.

The new rules will apply to qualifying options granted to employees during the period 1 January 2018 to 31 December 2023.

For more details on KEEP, see our earlier reports in the following issues of GMS *Flash Alert*: [2018-011](#) (17 January 2018) and [2017-163](#) (10 November 2017).²

WHY THIS MATTERS

With this new incentive, a "qualifying company" within the SME sector would be allowed to provide "qualifying individuals" with "qualifying share options," as long as certain conditions are met throughout the option-holding period.

Moreover, the incentive provides for a saving of 19 percent, based on current tax rates, in the tax payable by an employee on the gain as compared to standard share option gains.

KEEP aims to support SMEs in attracting and retaining key talent by effectively deferring the taxation of gains on employee shares until the sale of the shares.

FOOTNOTES:

1 The Commencement Order has been published, and can be found on the [eLSB website](#) produced by the Office of the Attorney General.

For the text of the Finance Act 2017, [click here](#).

2 Also see, "[Taxing Times: Finance Bill 2017 and Current Tax Developments](#)," a publication of the KPMG International member firm in Ireland.

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