



# GMS Flash Alert

**Global Compensation Edition**

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## Ireland – Limits for KEEP Share Options Increased Effective January 2019

The Ministerial Order<sup>1</sup> has been made (8 August 2019) which gives effect to certain measures in relation to Key Employee Engagement Programme (“KEEP”) share options contained in Ireland’s Finance Act 2018. As a result, the KEEP measures provided for in the Finance Act are now operational.

KEEP is an employee share incentive scheme designed to help small- and medium-sized enterprises (“SMEs”) attract and retain key personnel.

The new increased limits (described below) will apply to qualifying options granted to employees from 1 January 2019 to 31 December 2023.

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### WHY THIS MATTERS

Under a KEEP plan, 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.

## More Details

There are limits as to the maximum market value of shares which qualify for the KEEP favoured-taxation treatment per employee. These limits have now been increased. Effective from 1 January 2019, the total market value of all shares, in respect of which qualifying share options have been granted by a qualifying company to an employee or director, cannot exceed:

- (i) €100,000 in any one tax year,
- (ii) €300,000 in all tax years, or
- (iii) The amount of the annual emoluments of the qualifying individual in the tax year in which the qualifying share option is granted.

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## KPMG NOTE

For more details on KEEP, see our earlier reports in the following issues of *GMS Flash Alert*: [2018-018](#) (25 January 2018), [2018-011](#) (17 January 2018), and [2017-163](#) (10 November 2017).<sup>2</sup>

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## FOOTNOTES:

1 The Ministerial Order (also known as “Commencement Order”) has been published, and can be found on the eISB Web site produced by the Office of the Attorney General. For the Ministerial Order, click [here](#).

For the text of the Finance Act 2018, click [here](#).

2 Also see “[Taxing Times: Finance Bill 2018 and Current Tax Developments](#),” a publication of the KPMG International member firm in Ireland. Moreover, see “[Employee Share Incentive Schemes](#),” a publication of the KPMG International member firm in Ireland.

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## Contact us

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**The information contained in this newsletter was submitted by the KPMG International member firm in Ireland.**

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