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GMS Flash Alert

Global Compensation Edition

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Ireland – 31 March Deadline Approaching for Share Schemes Reporting

The important 31 March mandatory due date is looming for the filing of Ireland 2022 returns of information for employee share awards, participation schemes, and certain cash-settled schemes.[1] (For our report regarding last year's deadline, see *GMS Flash Alert* 2022-021, 31 January 2022.)

WHY THIS MATTERS

If employers do not meet their annual obligation to file related returns of information for 2022 by the deadline, financial penalties can arise, as well as other non-financial consequences.

The deadline is particularly important for companies whose employees and directors have been awarded shares, vested restricted stock units (RSUs), or participated in unapproved share option schemes or the Key Employee Engagement Programme (KEEP) option scheme or certain Revenue approved share participation schemes.

For companies with globally-mobile employees, it may take some time for employers to review their share-based remuneration reports and assess who is required to be included on the relevant returns.

Which Returns Are in Electronic Format?

The following returns are in electronic format:

- Form RSS1 – Details of the grant, release, assignment, and exercise of unapproved share options awarded to directors and employees.

- Form ESA – The level of detail required to be completed on the form is extremely broad. The form covers all share awards including those that are “cash-settled” as well as incentive cash payments whose value has been processed through Irish payroll but is based upon a notional share value, e.g., phantom shares. Please refer to our previous report (*GMS Flash Alert* 2021-188, 30 June 2021) for more information on what share awards will fall within the scope and outside the scope of this form.

- Form ESS1 – Details of certain events and transactions on shares held by an Irish Revenue Approved Profit Sharing Scheme (APSS) trust.

- Form KEEP 1 – Details of Key Employee Engagement Programme share options which are granted to employees and directors of certain small - and medium-size enterprises.

Penalties

Failure to comply with this mandatory filing obligation can result in a monetary penalty. In the case of Revenue-approved schemes (such as approved profit-sharing schemes, employee share ownership trusts, and “save as you earn” share option schemes), Revenue approval of the scheme can be withdrawn, and for KEEP share option schemes, the company would no longer be considered as a qualifying company.

Mechanics of Reporting

The electronic Forms ESA, ESS1, KEEP1, and RSS1, are in a spreadsheet format which must be uploaded on the Revenue Online System (ROS). Only registered ROS users may access and upload returns.

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Additional time should be factored in by employers if they need to obtain a Share Scheme Registration number (“SSR”) and make sure that their tax adviser (if filing the return on their behalf) is linked as their tax agent with Revenue, in order to help ensure the forms are filed on time.

Filing in Paper Forms SRSO1, ESOT1

A separate 31 March 2023 mandatory filing requirement also applies to the following Revenue-approved share participation schemes:

- Form SRSO1 for “save as you earn” share options;

- Form ESOT1 for employee share ownership trust transactions.

These filings continue to be in paper form.

KPMG Insights

Employer Considerations

Employers should consider the following:

- Reviewing current share plans and cash-based incentive arrangements to help ensure that the taxation and reporting positions are fully understood – this may also be an opportunity to consider whether the current arrangements remain fit for purpose.

- Identifying the stakeholders that will be responsible for providing the information needed.

- Documenting the processes and procedures relating to securing the information including, where possible, automation.

- Assessing the reporting obligations in relation to domestic directors and employees and globally-mobile employees.

- Preparing an employee communication regarding the information that will be disclosed to Ireland's tax authorities ("Revenue").

- Prior to submitting to Revenue, review payroll submissions against the ESA form to identify differences.

If employers have any queries in relation to the above or would like any assistance in relation to preparation and completion of the forms, or implementing appropriate procedures, as well as issuing employee communications, please contact your qualified tax adviser or a member of the Global Mobility Services/People Services team or Reward Advisory Services team with KPMG in Ireland (see the Contacts section).

RELATED RESOURCE:

See this related video from KPMG in Ireland on LinkedIn: https://lnkd.in/eDrjjag4

In this short video, Olive O'Donoghue, with KPMG in Ireland, provides practical tips for compiling and filing share award returns and how employer and employee tax records should align to avoid Revenue queries.

FOOTNOTE:

1 See Revenue's webpage "Shares for Employees" for further details.

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Ireland:

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