KPMG

GMS Flash Alert

Global Compensation Edition

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United Kingdom – Improving "All Employee" Share Plans on Treasury's Radar

KPMG LLP in the United Kingdom has published a report on the U.K. Treasury seeking views on how tax-advantaged 'all employee' share plans might be improved or simplified.

The Treasury has issued a call for evidence on tax-advantaged Save-As-You-Earn (SAYE or 'sharesave') and Share Incentive Plan (SIP) employee share plans.[1] This seeks evidence on how employers currently use SAYE and SIP plans, whether they achieve their policy aims, and whether any improvements or simplifications could increase the number of employers that offer them and the number of employees – particularly lower earners – who participate.

For the full report from KPMG LLP in the United Kingdom, see "How would you make 'all employee' share plans better?".

WHY THIS MATTERS

This call for evidence will interest employers that are considering how to widen employee share ownership (e.g., as part of their Environmental, Social and Governance strategy) and employers that currently offer SAYE and SIP as part of their Employee Value Proposition.

For employers that currently offer a SAYE plan or SIP, this is an opportunity to highlight where these plans could be made more flexible, and administrative 'grit' removed from the system, to make them easier for employers to operate and increase employee participation.

For employers that are considering whether to adopt one or both of these plans, the call for evidence allows representations to be made on how barriers to implementation could be lowered and these plans made more attractive.

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More Details in Brief

The government's call for evidence wishes to garner an understanding of how employers currently use SAYE plans and SIPs, and whether those plans effectively align employees' and shareholders' interests by encouraging wider employee share ownership, and also encourage employees to save and invest.

The government will also consider whether there are any opportunities to improve and simplify the SAYE and SIP regimes.

Specific areas considered by the call for evidence include:

- Whether there are barriers to participation;
- Whether the SAYE and SIP regimes are simple and clear;
- Whether the regimes offer sufficient flexibility for individual employers' commercial needs; and
- Whether SAYE and SIP appropriately encourage share ownership for lower earners.

This call for evidence closes on 25 August 2023.

KPMG INSIGHTS

- Readers may be interested in the HMRC report,[2] which was recently released, covering:
    - awareness and use of CSOP, SIP, and SAYE;
    - companies' reasons for opting in or not opting into one of the three tax-advantaged share schemes;
    - the schemes' impact on business and employment outcomes; and
    - the schemes' proportionality and appropriateness.
- Please contact the authors, or your usual KPMG in the U.K. contact, if you would like to talk through what this call for evidence might mean for you, or how an SAYE plan or SIP could benefit your business and your workforce.

FOOTNOTES:

1 See "Employee share scheme shake up to help boost growth" at: https://www.gov.uk/government/news/employee-share-scheme-shake-up-to-help-boost-growth .

2 For the HMRC report, "Share Schemes Evaluation," see: https://www.gov.uk/government/publications/share-schemes-evaluation .

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