



GMS Flash Alert

Global Compensation

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United Kingdom – 6 July Employee Share Plan Reporting Deadline

U.K. employers must register any new reportable arrangements and file all Employment Related Securities (ERS) annual returns with the U.K. tax authorities on or before 6 July 2025¹.

Employers have an annual obligation to report any notifiable events that occur in relation to ERS (i.e., shares or other securities that are acquired by reason of employment), or rights to acquire ERS (such as employee share options or restricted stock units).

WHY THIS MATTERS

If employers do not meet their annual obligation to report notifiable events that occur in relation to ERS during a U.K. tax year (a U.K. tax year runs from 6 April to 5 April) and file related returns for 2024/25 by 6 July 2025, automatic penalties will arise.

Employers must be confident that the information provided in the annual returns is complete and correct and can be reconciled with their payroll and corporation tax compliance positions.

It is recommended that employers consider preparing for ERS annual returns now, as this will provide sufficient time, if needed, to make any necessary corrections to errors or omissions.

Process: In Brief

Any notifiable events must be reported to HM Revenue & Customs (HMRC) by submitting the relevant return(s) through ERS Online Services by the deadline. This requires prior registration. HMRC uses the information provided in the annual returns to help identify any errors in employer payroll withholding on equity awards, errors in U.K. corporation tax relief claimed in relation to qualifying employee share acquisitions (e.g., where awards are 'net-settled' – see below), and errors or omissions in employees' personal tax returns.

Reporting Obligations

Overview

In summary, employers have an annual obligation to report any of the following events that occur in relation to ERS during a U.K. tax year:

- Grants of rights to acquire shares or other securities (e.g., options or long-term incentive plan awards);
- Acquisitions of shares or other securities; and/or
- Chargeable events relating to restricted securities including shares vesting (i.e., no longer being subject to a risk of forfeiture) or being disposed of.

These obligations also apply to certain other reportable events involving shares or other securities which are acquired, or treated as having been acquired, by reason of employment. **This applies regardless of where the issuing company is incorporated, resident, or listed.**

Events that occur outside a formal employee share plan, such as an acquisition of shares or grant of options during a transaction, can also give rise to reporting obligations.

It is important to identify the settlement methodology for awards. The reporting treatments of net-settled, cash-cancelled, and equity-settled awards are different. In particular, net-settled awards need to be reported on two rows of the ERS return to show the net shares delivered to the participant and the shares which have been cash settled to pay for the tax.

If no reportable events occur during a tax year in relation to a registered plan, a 'nil' return must be submitted.

Reporting U.K. Tax-Advantaged and Non-Tax-Advantaged Plans

Separate reporting obligations arise in relation to non-tax-advantaged plans (or other arrangements), and each type of U.K. tax-advantaged employee share plan. Plans that attract non-U.K. tax advantages, such as U.S.-qualified employee stock-purchase plans or Irish Approved Profit-Sharing Schemes, are 'non-tax advantaged' for U.K. tax and reporting purposes.

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For non-tax-advantaged arrangements, no reporting obligations should arise in relation to ERS awards held by individuals who were not U.K. resident and had no U.K. duties throughout the relevant vesting period. However, share-based awards should be reported where the employee had U.K. duties, or were covered by the U.K. social security system, at any point over the vesting period of the relevant award.

Where internationally-mobile employees' awards are reportable on both a U.K. ERS return and an equivalent overseas return, employers should make sure that the relevant entries on each country's return are consistent with each other.

Where a review determines that awards are net-settled, wider discussions should be undertaken to ascertain the impact on U.K. corporation tax deductions. This is an ongoing area of increased focus for HMRC.

Steps for Employers To Consider

- Employers that have a reporting obligation for 2024/25 must register each plan or other arrangement with HMRC's ERS Online Services, if this has not already been done, in order to file.
- U.K. tax-advantaged plans (which are known as CSOP, SAYE, SIP, and EMI plans) must each be registered separately. Other arrangements (including plans that do not qualify for U.K. tax advantages – even if they qualify for overseas tax reliefs) can be included under a single registration.
- For U.K. tax-advantaged CSOP, SAYE, and SIP plans established during 2024/25, employers must submit an online declaration on or before 6 July 2025, confirming that the conditions for tax-advantaged status are met. If this is not done, the relevant tax advantages may be lost.
- Employers should review their ERS return registration status to confirm which registrations (if any) were made in previous years and whether any additional registrations are required.

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As new registrations can take time, it is preferable to begin the process in April or May so that all relevant submissions can be made on or before 6 July 2025.

Employers are advised to consult their qualified tax professionals to confirm their reporting obligations and understand the registration process. They may also wish to seek assistance with completing and submitting the annual ERS returns. However, registration **must** be performed by the employer, as agents **cannot** register a plan or other arrangement on the employer's behalf.

Review Information Required to Complete Returns

ERS return templates and associated HMRC guidance are available by clicking [here](#) (HMRC website "Register your employment related securities scheme"). Employers should download and review any required returns templates as soon as possible to confirm whether they hold the information required to complete and submit those returns by the deadline.

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Cash-cancelled and net-settled share-based awards – where employees acquire cash rather than shares in respect of some or all of the award – must be specifically reported in the ERS return. Identifying and correctly reporting such awards can be challenging, and it is important to appreciate that cash cancellation or net-settlement can affect the availability, timing, and quantum of corporation tax relief in respect of an employee share award.

Late Filing Penalties

Where a plan or other arrangement is registered with ERS Online Services, but the employer does not submit an ERS return by 6 July 2025, an automatic penalty of GBP 100 per registration will arise.

Additional penalties will arise where submissions remain outstanding by 6 October 2025 (GBP 300) and 6 January 2026 (a further GBP 300). HMRC can impose additional penalties for any returns that remain outstanding after 6 April 2026.

Registrations that are no longer required should be closed to avoid penalties for inadvertent non-filing.

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Share-based awards held by internationally-mobile employees, where reporting, payroll, and corporation tax requirements are not completely aligned, can present challenges. Employers should review their mobile workforce carefully to identify any such difficulties and determine how these should be addressed.

Early preparation of the returns gives employers more time to make any required corrections to end-of-year payroll withholding. It should also allow any historical errors to be identified and proactively managed through voluntary disclosures to HMRC.

Employers that have any concerns about their obligations and / or the next steps to take, should reach out to their usual global rewards professional or a member of the global reward team with KPMG LLP in the U.K. (see the Contacts section).

FOOTNOTE:

1 For more information, see "[Guidance: Tell HMRC about your employment related securities schemes opens in a new tab](#)" on the U.K. government's website.

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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 the United Kingdom:



Lorna Jordan
Director
Tel. + 44 (0) 7825 931385
lorna.jordan@kpmg.co.uk



Alison Hughes
Director
Tel. + 44 (0) 20 7311 2626
alison.hughes2@kpmg.co.uk

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