



Global Reward Update: Design, Deliver, Drive HMRC's Tax Advantaged Share Schemes ("TASS") research

For a long time the question as to whether the existing TASS framework remains fit for purpose has sparked much debate amongst the UK incentive plans community, and a number of interested parties have lobbied for changes to the current arrangements to reflect a different generation of people coming through in the workforce. Earlier this month, HMRC published their anticipated research on TASS (which covers Save As You Earn ("SAYE"), Share Incentive Plan ("SIP"), Company Share Option Plan ("CSOP") and Employee Management Incentive ("EMI") schemes). Below, we share our thoughts on the key takeaways from the research.

Background

It is well accepted that the relationship between business and its workers has changed, and a "new workforce" is increasingly influential in organisations. This has been accelerated by the new remote working environment in which we have all found ourselves and presents a number of clear challenges to the traditional approach to rewarding, incentivising, and retaining employees.

Against this backdrop, the question as to whether the TASS (which were designed in a time when the 2020 environment was unimaginable) can still drive and maintain increased employee engagement and, ultimately, employee share ownership remains relevant. Are companies successfully achieving maximum return on their investments in the reward arrangements offered?

The purpose of HMRC's research was to understand the motivations for, and barriers to, employers and employees participating in TASS, while also exploring how a robust and innovative communication strategy supports awareness and knowledge of the employee share schemes currently on offer. 83 in-depth interviews with employers, employees, and intermediaries were undertaken to inform an assessment of whether TASS are currently fit for purpose and their relevance for both employers and employees.

What does the latest research tell us?

First and foremost, it is safe to say there is still very much a place for TASS. There is clear evidence that operating a TASS, in the right way and supported by effective communications can, and does, motivate and drive desired behaviours in line with strategic reward end goals.

Here are our key takeaways from the report:

- Overwhelmingly, employers reported positive impacts on employee engagement, especially for Share Incentive Plan (SIP), Company Share Option Plan (CSOP) and Enterprise Management Initiative (EMI) scheme members.
- TASS remain important tools for recruiting and retaining talented and key staff. Employers feel TASS enable their companies to remain competitive and improve staff retention. Employees participating in TASS feel more invested in the success of their company, with an increased motivation to perform and a sense of job security.
- Employee life and career stage had a strong bearing on employee motivations to participate in TASS, particularly among younger employees and those in junior roles. Company share ownership was more desirable among older employees and those in senior job roles who also had greater financial confidence and understanding of the tax advantages available. Does this mean that the key is better education to ensure the benefits are truly understood?

Whilst the results express some really positive benefits of operating TASS, for Deloitte, and many of our clients, the challenge is whether TASS provide sufficient flexibility to target share incentive offerings across a diverse workforce, especially where the average employee tenure is frequently less than 3-5 years.

In our experience, great communications is one of the main factors that influences high participation levels – not just to articulate how the plans operate, but also to help create a culture of a sense of ownership and community. Our communications experts Stitch (a Deloitte business) have a wealth of experience in being able to create excitement and engagement with share plan launches and annual invitations. In the new world of remote working, having a great communications strategy that operates over multiple media forms is critical to the success of any incentive plan.

The full report can be found [here](#).

Who to contact

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