

Global Rewards Update: United Kingdom – self-certification of tax- advantaged share plans and online filing of share plan returns

February 2014

Background

As discussed in our previous Global Rewards Updates of **August 2013** and **December 2013**, HMRC have introduced draft legislation in relation to the self-certification of tax advantaged share plans and online filing of share plan returns. The effect of the draft legislation (contained in the draft Finance Bill 2014) is that from 6 April 2014:

- Employers will be required to register their employee share plans with HM Revenue & Customs (HMRC) via the PAYE Online service
- Companies will be obliged to file their annual share plan returns (for example, Form 42 for non-tax advantaged plans) online (for the 2014/15 tax year onwards)

Companies who wish to implement a tax advantaged plan will no longer need to seek formal approval of the plan from HMRC. Instead they will be asked to self-certify that their plan meets the conditions set down in legislation. This would be done as part of the online registration process mentioned above.

Recent developments

Deloitte attended a meeting recently at which HMRC provided additional information in relation to these items. Some of the key points for employers to be aware of are as follows:

- Employers will not be able to register their share plans with HMRC until on or after 6 April 2014
- Once a plan has been registered, a unique registration number will be generated and this reference number is needed in order to be able to submit the online share plan return. HMRC has advised that it could take up to one week to generate this reference number. As such, companies should ensure they register their plans well before 6 July 2015 so that returns for the 2014/2015 tax year can be filed on a timely basis
- Tax agents are not able to register the share plans – this has to be completed by the company. Once a plan has been registered, however, agents will be able to submit the

- share plan returns on behalf of employers
- In relation to form 42, there is a reasonable amount of flexibility as regards how to register – for example, a parent company could submit one registration to cover multiple plans, PAYE references and/or employer companies. Alternatively, each plan/reference/employer could be registered separately (but in that case, a return would have to be submitted for each reference created)
- Information to be included on the share plan returns for 2014/15 is broadly similar to that for 2013/14
- Companies will be able to either:
 - enter and submit information directly on to the HMRC system; OR
 - download the relevant templates from the HMRC website (where they will be held in 'Open Document Format' (ODF)), complete the templates as appropriate and re-upload them to the system (again in ODF format) for submission to HMRC.
- The HMRC online system will not be ready until October 2014. The templates however should be ready to download from April 2014
- Information will be provided to companies when the 'Notices to file' share plan returns for the 2013/2014 are sent out (generally to the Company Secretary). FAQs and a video showing how to register and self-certify will also be posted to the PAYE online service - likely to be in March 2014.

Action

Employers should be prepared to register new and current share plans via the PAYE Online service. As such, they should identify who has access to the PAYE Online service so that plans can be registered on a timely basis (and in any event, well before 6 July 2015).

Employers may also want to consider the most effective way in which they compile their share plan annual returns, particularly where UK employees receive awards under different plans/employers/PAYE references.

People to contact

For assistance with this matter, or any other issue related to the operation of your global rewards plans, please contact your local Deloitte global rewards consulting services adviser or email us at globalequity@deloitte.com, and a global rewards consultant will contact you.

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