

## Share schemes tax summary

The following tables summarise the respective tax treatments of the three most common ways of providing equity reward to UK tax resident employees.

	TAX CHARGE AT:		
	Grant of options	Exercise of options	Sale of shares
<b>EMI options</b>	None.	None.	10% capital gains tax on the gain in share value from the exercise price. (Assuming 12 months between grant and sale of shares). Payable via personal tax return.
<b>Unapproved options</b>	None.	C.50% PAYE and employee's/employer's NIC liability for company – to be recovered in total from the option holder. (The employee therefore needs to have funds available if the shares are not sold immediately following exercise.)	20% capital gains tax on difference between the share value at exercise and when the shares are sold.

	TAX CHARGE AT:		
	Award	Lifting of restrictions (end of reverse vesting)	Sale of shares
<b>Award of shares with reverse vesting</b>	None, provided the shares have no value at the date of award. (For example, where ordinary shares are awarded and significant numbers of preference shares have been issued.)	None if a Section 431 Tax Election has been signed.	20% capital gains tax on difference between the share value at award and when the shares are sold. Payable via personal tax return.