

## Share Guide

We set out below an at-a-glance comparison of some key ways in which all your company's employees could become shareholders or have an ownership interest in your company

### Share Incentive Plan (SIP) How it works

Employees can purchase shares with full tax relief and/or be given shares free of tax.

#### TAX EFFICIENCY (INDIVIDUAL)



Shares may be purchased out of gross pay. Free shares may be given to participants without IT or NICs. No CGT on sales of shares.

#### TAX EFFICIENCY (COMPANY)



Corporation tax (CT) deduction on value of free shares. No NICs on value of free shares or on value of shares purchased by participants.

#### EASE OF SETTING UP



Must be registered with HMRC and self-certified.

#### OVERALL INCENTIVE AND REWARD VALUE



Straightforward to explain, carries risk in relation to shares bought by participants, tax efficient.

#### Other issues

Some companies excluded. Unlikely to be suitable for companies wishing to target rewards to certain people.

## Save As You Earn (SAYE) options

### How it works

Employees are granted options over shares and agree to save a monthly amount from their salary over three or more years. At the end of the savings period, they can either keep the money or use it to exercise their options.

#### TAX EFFICIENCY (INDIVIDUAL)



No IT or NICs for certain “good leavers” if options held for at least three years. CGT on sale of shares.

#### TAX EFFICIENCY (COMPANY)



CT deduction on option gains.

#### EASE OF SETTING UP



As above.

#### OVERALL INCENTIVE AND REWARD VALUE



Straightforward to explain, no risk, tax efficient

#### Other issues

Some companies excluded. Unlikely to be suitable for companies wishing to target rewards to certain people. Maximum discount of 20 % on grant.

If you would like to explore how an employee share scheme might be introduced in your company, please contact us for an initial discussion.

We are happy to meet at our offices without charge or commitment and will be very pleased to hear from you.

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