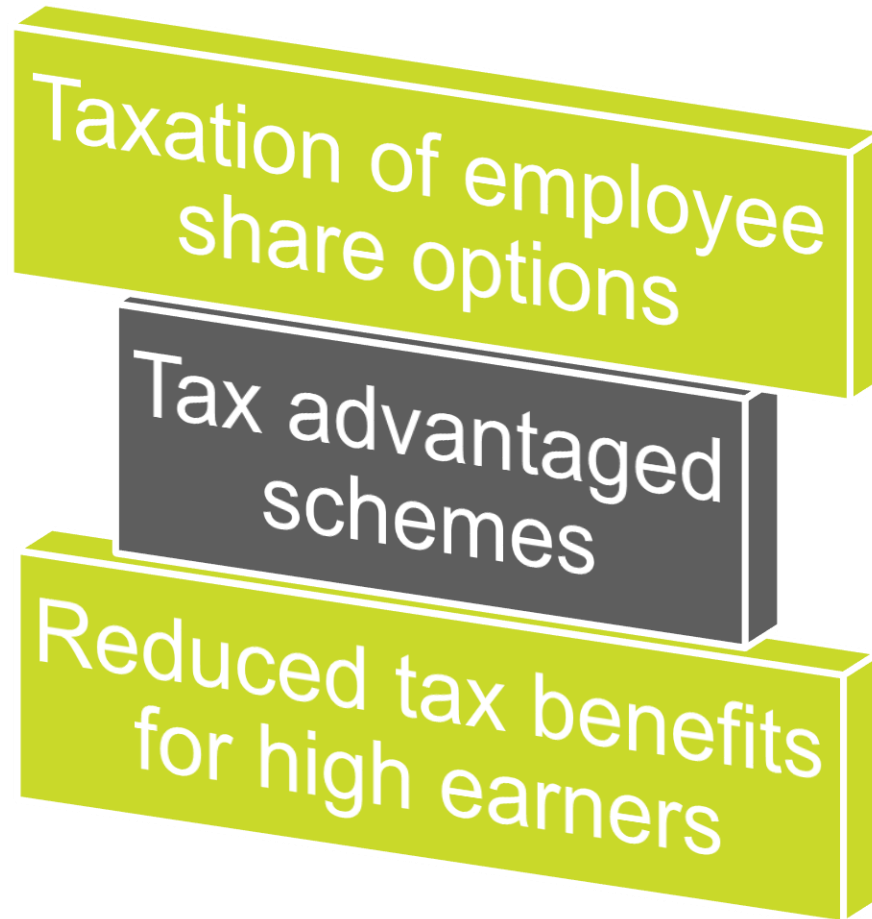


GQ|Littler Presentation for IFS Residential Conference 2023

Taxation of Employee Remuneration

Agenda



Taxation of employee share options

No tax or NICs on grant

Income tax and NICs on gains on exercise*

CGT on any further gain on sale

CT deduction for employing company on gain taxed on exercise

*unless special tax-advantaged scheme

Opportunities for high earners to gain from tax-advantaged schemes

CSOP

- Only CGT on gains from £60,000 worth of options every 3 years

SAYE

- Only CGT on gains from at least £22,500 worth of options every 3 years or at least £37,500 worth every 5 years

SIP

- No income tax or NICs on £3,600 free shares per year
- Income tax and NICs relief on £1,800 per year spent on buying shares
- No income tax or NICs on £3,600 matching shares per year
- CGT exemption

EMI

- Only CGT – with BADR – on gains from £250,000 worth of options every 3 years

Suggestions to reduce high earner tax benefits from schemes

Exclusion

- SAYE
- SIP

Remove tax relief

- CSOP

Reduce level of material interest

- EMI

Thank you.

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