



# EMI SCHEMES

An Enterprise Management Incentive ("EMI") scheme is an approved employee share scheme that is available to most trading companies, allowing employers to grant share options to key employees tax efficiently, as a reward for their efforts within the business and/or to retain and incentivise key staff.

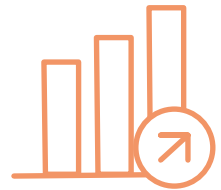
## KEY BENEFITS



Employees feel valued as they may become shareholders in the business



Employees feel like they've received a potentially lucrative bonus (but there is no cash outflow for you)



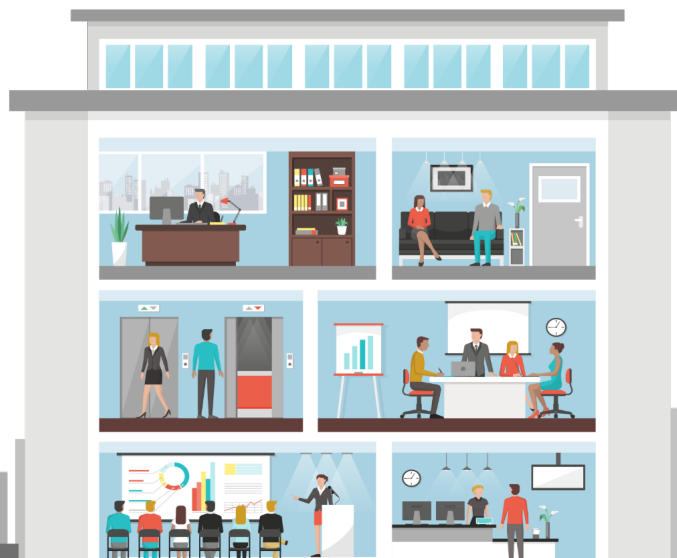
Employees are less likely to leave, which helps secure your succession planning. There is no tax suffered by the employee or employer on the grant of a share option (see below)

## QUALIFYING COMPANIES

The total value of the company's gross assets must not exceed

**£30 MILLION**

The company must be a trading company (i.e not an investment company)



The company must not be a subsidiary of or controlled by another company, however, parent companies can qualify for EMI.

There must be fewer than **250 employees** at the date the EMI options are granted.

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## QUALIFYING EMPLOYEES

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Must not hold more than **30%** of the shares of the company

Must be an employee of the issuing company, or an employee of a subsidiary

Required to spend at least **25 hours** per week or 75% of their working time as an employee of the company



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## QUALIFYING OPTIONS

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Shares must be ordinary, non-redeemable shares



Options be exercisable within 10 years



Market value must not exceed £250,000 per employee



Option terms **MUST** be agreed in writing and prohibit the option holder from transferring their rights

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## TAX ADVANTAGES

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- If an employer rewards an employee with unapproved shares, tax can be charged in the same way as a salary or bonus
- Where EMI options are granted at market value there will be no charge to tax at either grant or exercise of the options
- Prior agreement of the value of the company shares at grant can be obtained from HMRC
- Any subsequent disposal of the EMI shares will fall within the Capital Gains Tax regime and therefore any uplift in the value of the shares will be subject to 10% tax



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