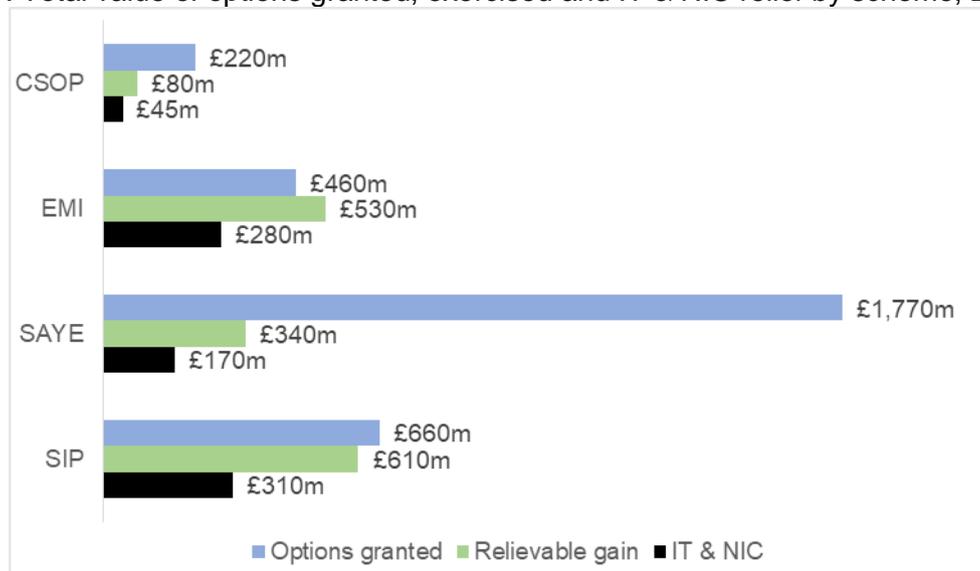




Key points

- Employees received an estimated £500m in income tax (IT) relief and £305m in National Insurance Contribution (NIC) relief in 2017-18 from employee share schemes (ESS). This is lower than last year, and is the second consecutive year where these values have fallen.
- The total number of companies operating ESS has increased by 12% in the year 2017-18, rising to 13,330, and continuing the long-term increasing trend. This has been driven by the Enterprise Management Incentives scheme (EMI). Of all companies operating a scheme, 84% only operate an EMI scheme and a further 13% only operate Save As You Earn (SAYE), Share Incentive Plan (SIP), or Company Share Option Plan (CSOP).
- Figure 1 shows that options granted under SAYE have the greatest value, which may reflect it being an all-employee scheme. The value of options granted and exercised for the year should not be compared directly, as there is a lag between the two events.

Figure 1: Total value of options granted, exercised and IT & NIC relief by scheme, 2017-18



Note: For SIP, options granted means value of shares awarded, and relievable gain is value of shares taken out of the plan.

About this release

- Employee share schemes (ESS) are used by companies to award shares directly to their employees or grant options to buy shares. HMRC offers four share schemes that have tax-advantages to both employers and their employees. SAYE and SIP are for all employees. CSOP and EMI are for certain employees at the discretion of the employer.
- This release contains statistics on the numbers of companies using schemes, numbers of employees receiving awards or numbers of awards, values awarded, numbers of employees exercising options, and estimates of IT and NIC relief received.
- Accompanying statistical tables, and background information on the schemes and the methodology used to produce these statistics is available on our website below.



Website: www.gov.uk/government/collections/employee-share-schemes-statistics

Statistical contact: Lucy Davis, 03000 551 969, lucy.davis@hmrc.gsi.gov.uk

Media contact: HMRC Press Office 03000 585 024, Out of hours: 07860 359 544

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Frequency: Annual Coverage: UK Theme: Economy

Related publications

- Users of the employee share scheme statistics may also be interested in other forms of [tax-free savings and investment](#) statistics on which HMRC publish statistics.
- There is a relationship between SIP and SAYE schemes, and [ISAs](#), as shares in SIP and SAYE can be transferred into an ISA at the end of the scheme.
- There is also a relationship with [Capital Gains Tax \(CGT\)](#) as CGT may be due on SAYE, CSOP and EMI shares when they are sold. However, it is not possible to identify how much CGT comes from shares that were part of an employee share scheme as it is not possible to link the shares to the gains reported on the CGT returns.
- Users may also be interested in the Office for National Statistics' [Wealth and Asset Survey](#), which shows information about the proportion of households with employee shares and share options. This data will cover all employee share schemes, not just the tax-advantaged share schemes covered by these statistics.

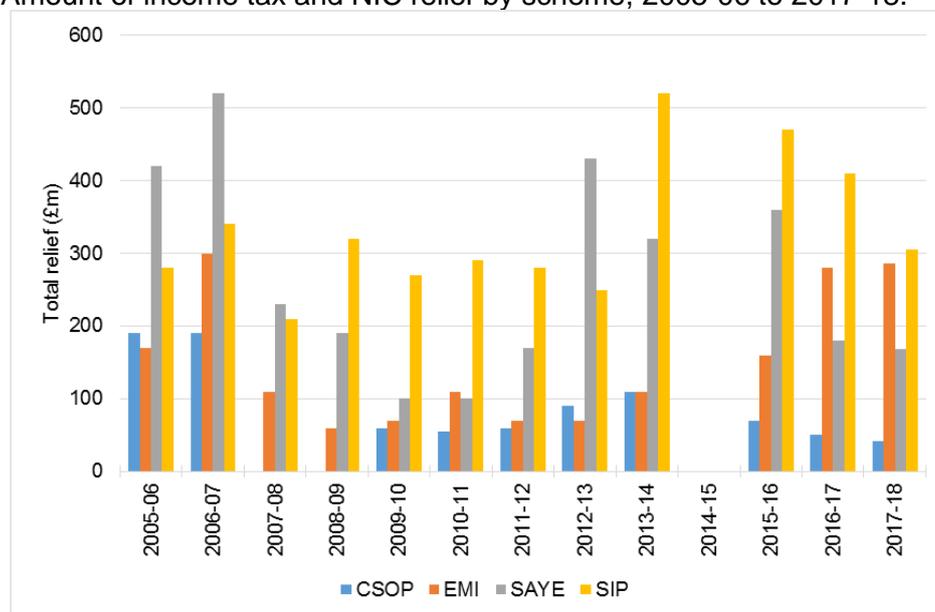
Commentary

Income Tax and NIC relief

Table [6.1](#) shows that employees received an estimated total of £805m in IT and NIC relief in 2017-18 across the four tax-advantaged schemes. This is down 13% from 2016-17 which is mostly driven by a 24% decrease in relief for SIP.

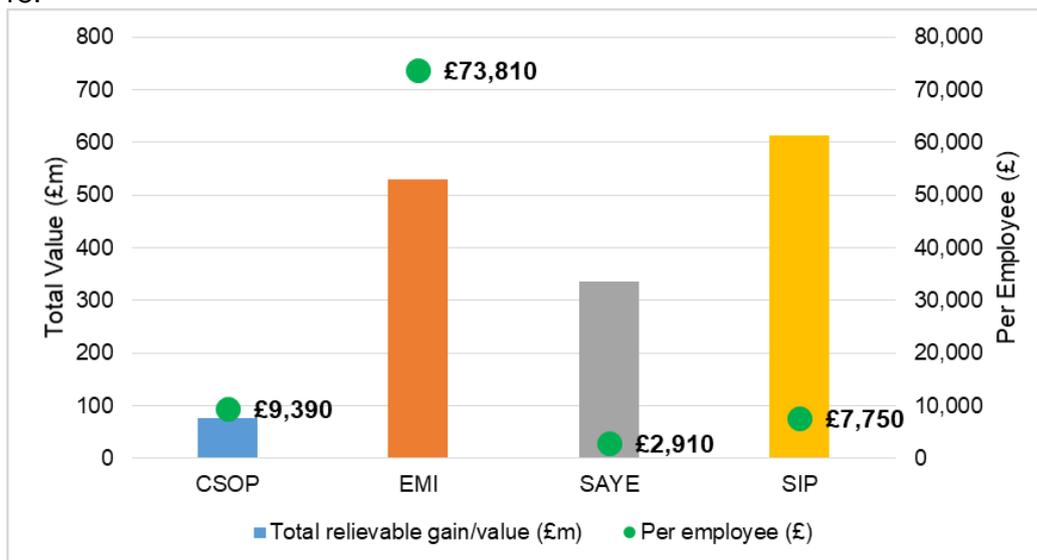
Whilst the value of relief has fluctuated over the last decade as shown in Figure 2, the scheme with the largest IT and NIC relief continues to just be SIP. The value of the relief in SIP and EMI has converged in recent years, though in the last year decreases in the value of relief for SIP, were not offset by increases the value of relief for EMI.

Figure 2: Amount of income tax and NIC relief by scheme, 2005-06 to 2017-18.



The average relievable gain or value per employee in each scheme in Figure 3, shows that whilst SIP has the highest total value, the average per employee is considerably higher for EMI schemes. Access to EMI schemes is restricted and fewer employees utilise them. The maximum value of options that can be granted is £250,000 per employee, so the gain per employee can be much greater.

Figure 3: Total relievable gain or value on which relief is applied by tax-advantaged schemes, 2017-18.

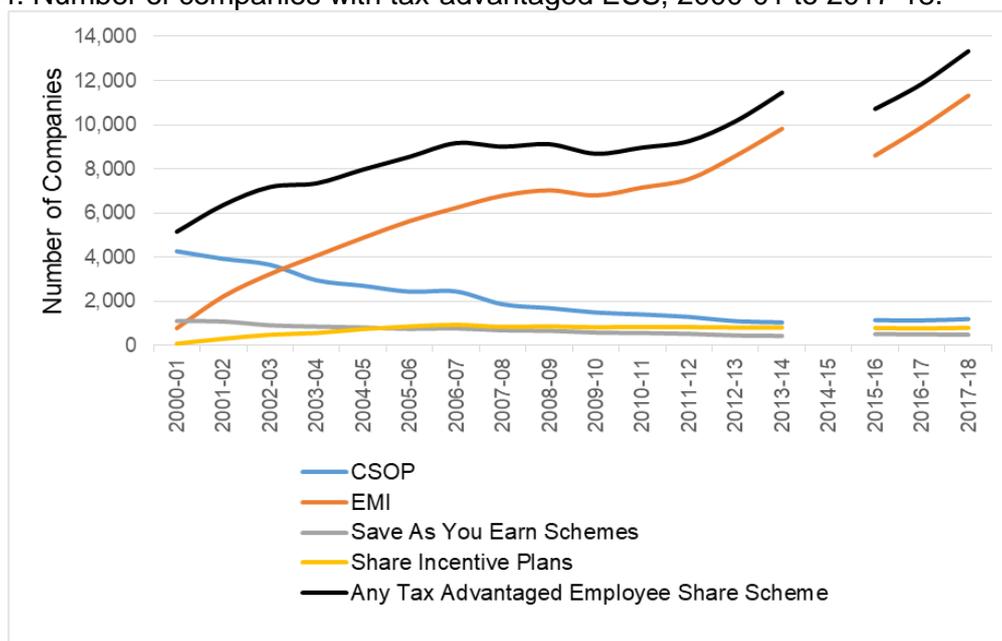


Companies operating schemes

Table 6.2 shows that 13,330 companies operated tax-advantaged ESS in the UK in 2017-18, a 12% increase since 2016-17 and 48% increase since 2007-08. The long term increase in all tax-advantaged schemes, shown in Figure 4, is because of companies offering EMI. This is a scheme introduced in the Finance Act 2000 and now 84% of companies offering a scheme, only offer EMI.

The increase over time in EMI schemes probably reflects the fact that under this scheme companies can offer total share options up to the value of £250,000 in a three-year period, which is much higher compared to other schemes. It is therefore an attractive means of remuneration for employees in eligible companies. The number of companies with the remaining three schemes has declined by 9% since 2007-08, with much of the decline attributable to CSOP. In comparison SIP numbers have remained relatively constant.

Figure 4: Number of companies with tax-advantaged ESS, 2000-01 to 2017-18.



Combination of schemes

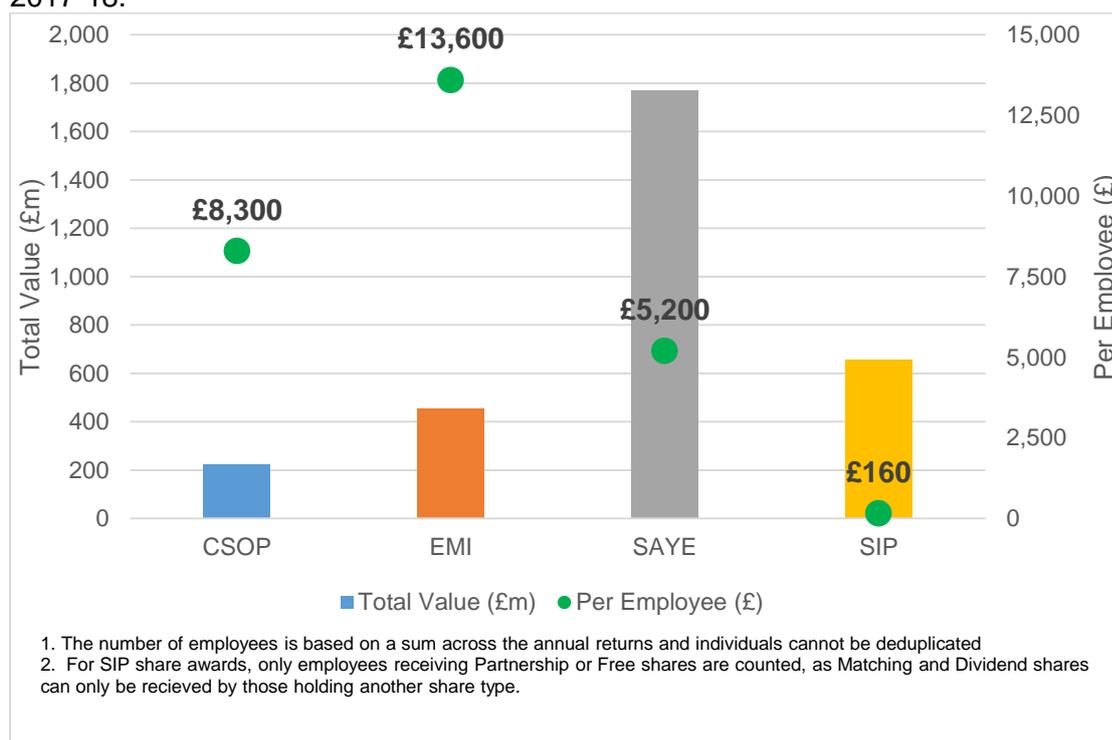
Companies can operate more than one type of scheme and this has been broken down in Table 6.7. Key points are:

- The majority of companies (12,910; 97%) only operate one type of scheme, with a much smaller number running two or three schemes, and less than ten running all four schemes.
- The figures show that in 2017-18, 98% of EMI companies did not operate any other tax-advantaged schemes.
- For companies operating EMI, SAYE and SIP schemes the most common other type of scheme that the company would operate is CSOP.

Comparisons between schemes

Figure 5 shows that SAYE schemes have the highest total value of options granted for 2017-18 at approximately £1.8bn. However, as is seen with the gains in Figure 3, SAYE schemes do not have the highest average value per employee (£5,200), SAYE has a higher rate of participation. In a similar fashion the per person value of SIP shares is low (£160), despite the total value of SIP share awards being greater than the value of EMI and CSOP options granted combined.

Figure 5: Total value of options granted (shares awarded) by tax-advantaged schemes, 2017-18.

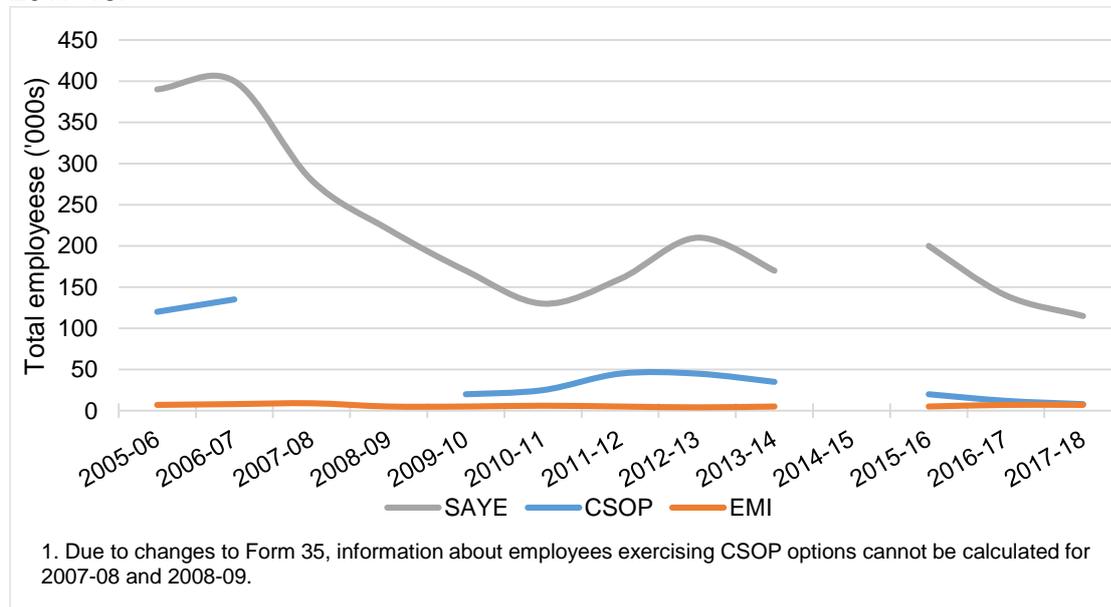


Although the total value of EMI and CSOP awards are lower, the average amount awarded per employee is higher. CSOP schemes have an average value of £8,300 but limited to £30,000. The average EMI award per employee is £13,600, and is the highest across all the schemes. This reflects the higher limits on the maximum amount that can be awarded under those schemes. Also discretionary schemes may be offered to select employees whereas SAYE and SIP must be offered to all employees.

Figure 6 shows that more employees exercise SAYE options than CSOP or EMI options. SIP has not been included, as options are not exercised under SIP. Whilst the number of

employees exercising options in EMI schemes has remained relatively constant, there is an overall decreasing trend in both SAYE and CSOP.

Figure 6: Number of employees exercising options in SAYE, CSOP and EMI, 2005-06 to 2017-18.

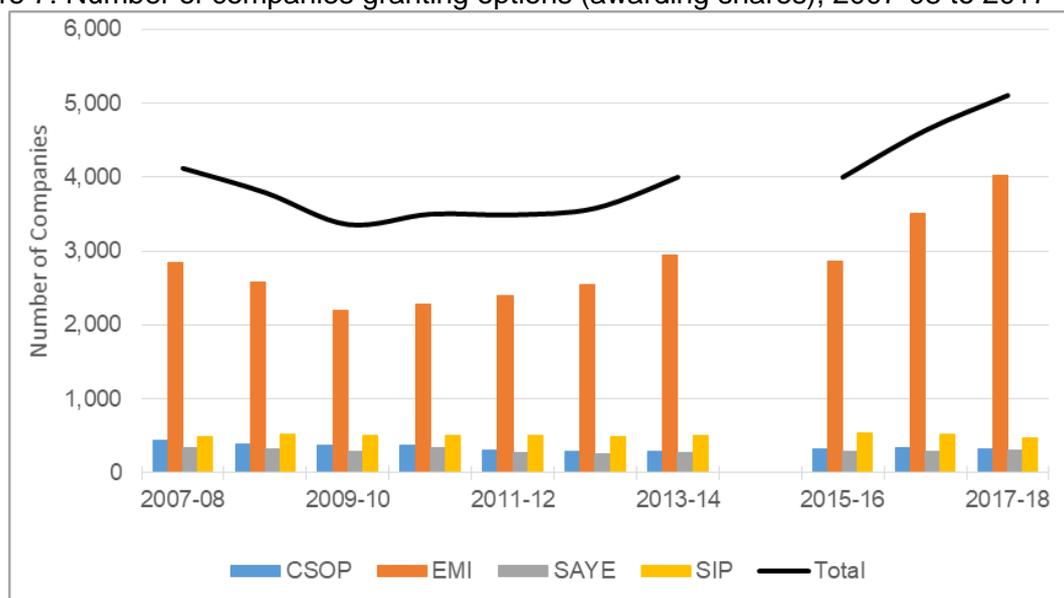


Number of companies granting and exercising options

Figure 7 shows that the total number of companies where employees have been granted options or been awarded shares has generally been rising since 2009-10. The total increase is driven by the large rise in the number of companies granting EMI options.

The total number of companies in which shares were exercised remained mostly constant over the last three years, with a rise in EMI in the most recent year. There are far fewer exercises than grants in each year, exercising means an employee takes advantage of the option to sell their shares. This is expected within employee share schemes where options may be exercised when circumstances result in a beneficial outcome to the employee or an employee believes there is a better investment elsewhere. A drop-off between the numbers granting and exercising will also be seen if companies are not successful and cease operating, thus removing the ability for employees to exercise shares.

Figure 7: Number of companies granting options (awarding shares), 2007-08 to 2017-18.



Comments on specific schemes

Save As You Earn Share Option Schemes (Table 6.3)

The number of companies that granted options increased in 2017-18 compared to 2016-17, although the number of employees granted options and the total value of the options declined. The number of employees that exercised options also fell in the last year.

Company Share Option Plan Schemes (Table 6.4)

The number of companies operating a CSOP scheme and the value of options granted has remained broadly constant in the last year. However, the number of employees granted options has decreased, causing the initial value at grant per employee to increase.

Share Incentive Plans (Table 6.5)

The number of employees awarded free shares and the value of these shares increased substantially in 2013-14. This was largely due to isolated changes among some of the larger SIP schemes in 2012-13 and 2013-14 and was not expected to be indicative of any persistent changes. The value of SIP free shares awarded had decreased by 80% by 2016-17. In 2017-18 the value number and value of free shares awarded remained at their 2016-17 levels.

The value of Partnership, Matching and Dividend shares have all decreased since 2016-17. Partnership and Matching shares show a marked decrease of 30% and 38% respectively.

Enterprise Management Incentives (Table 6.6)

In 2017-18 the number of companies and individuals granted EMI shares continued to increase although the total value of these grants fell relative to 2016-17. Similarly, the number of companies where options were exercised increased and the number of employees exercising options and the value of their gains remained broadly constant.

EMI share prices often reflect changes in innovation and performance delivered by small and medium companies. For this reason, the gains and associated value with EMI shares can be quite volatile over short periods.