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## Areas for further input

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**2.1** The OTS is interested in comments and input on any of the points below. We are also particularly keen to get further input on the whole area from unquoted, private companies who use share schemes.

### Question 1: Difficulties with valuation of private company shares

What experience do you have of difficulties in the valuation of private company shares and how does this impact on the design and implementation of your share plans?

### Question 2: Internationally mobile employees

What are the main difficulties you face when managing internationally mobile employees in the context of unapproved share plans?

### Question 3: Readily convertible assets (RCAs)

What are the main difficulties you face in determining whether your shares are, or will be, RCAs or not?

### Question 4: Form 42 – the process HMRC has set up to notify them of awards of options or shares to employees

What are your main issues with Form 42?

### Question 5: “Disguised remuneration”

Can you provide any particular examples of how the disguised remuneration rules (Part 7A of ITEPA 2003) have impacted upon the design, implementation or administration of your unapproved share plans?

### Question 6: Tax issues for Employee Benefit Trusts (EBTs)

Can you give examples of when the taxation of EBTs (e.g. Inheritance tax rules, loans to participators) has provided a barrier to the establishment of an unapproved share plan or caused you to have to restructure, or alter the design of, your share plan in a manner which has adversely affected the attainment of your commercial intentions?

### Question 7: Employment related securities rules

Can you give examples of when the employment related securities rules – in particular the rules relating to restrictions on shares – have caused you difficulties in connection with your unapproved share plan arrangements?

### Question 8: Timing of income tax charge

Chapter 4 sets out some of the difficulties that arise as a result of an income tax charge and PAYE arising on the date the beneficial ownership of the shares is acquired. There are possible arguments that it would be a simplification if in certain circumstances the income tax charge (or PAYE obligation) arose on the receipt of money on the sale from the shares. We welcome views on whether this would be a simplification and in what circumstances?

Question 9: Employment reward vs. capital growth

Do you agree that the current rules get the balance right when distinguishing between employment reward and capital growth? Could this be achieved effectively in a more simple way?

Question 10: Small/Private companies

Do you think there should be separate rules for small/private companies to account for the particular issues they face? How would this look?

**2.2** Please send responses to any of the questions above to [ots-ess@ots.gsi.gov.uk](mailto:ots-ess@ots.gsi.gov.uk) by Friday 26<sup>th</sup> October 2012.