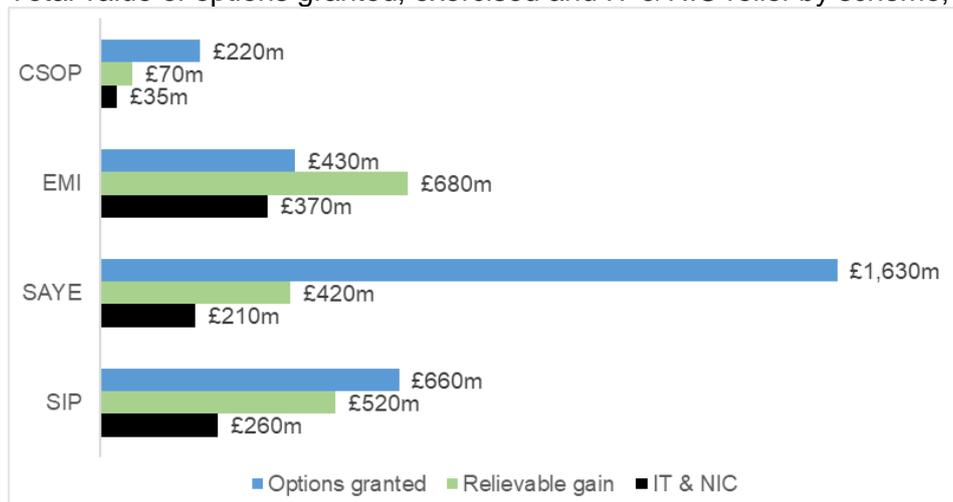




Key points

- Employees received an estimated £540m in income tax (IT) relief and £330m in National Insurance Contribution (NIC) relief in 2018-19 from employee share schemes (ESS). Whilst the total relief for ESS has been broadly stable in recent years, for the first time Enterprise Management Incentives (EMI) have overtaken Share Incentive Plans (SIP) as the largest contributor to the total cost of tax relief.
- The total number of companies operating ESS has increased by 8% between 2017-18 and 2018-19, rising to 14,420 and continuing the long-term increasing trend. This has been driven by a continued increase in the number of companies operating EMI schemes. Of all companies operating a scheme, 85% only operate an EMI scheme and a further 12% only operate SIP, Save as You Earn (SAYE), or Company Share Option Plan (CSOP).
- Figure 1 shows that options granted under SAYE have the greatest aggregate 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, 2018-19



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: Thomas Anderson, thomas.anderson@hmrc.gov.uk
 Media contact: HMRC Press Office 03000 585 024, Out of hours: 07860 359 544
 Publication date: 25 June 2020 Next publication date: June 2021
 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 when they are removed from 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 1 shows that employees received an estimated total of £870m in IT and NIC relief in 2018-19 across the four tax-advantaged schemes. This is up 8% from 2017-18 which is mostly driven by a 32% increase in relief for EMI and a 24% increase in relief for SAYE. There has been a further decline in IT and NIC relief for SIP, while CSOP has remained relatively consistent.

In 2018-19 EMI overtook SIP as the scheme with the largest IT and NIC relief and now means that for the first time since the introduction of EMI it is the largest scheme by cost of tax relief, rather than an all employee share scheme. Taken together, however, all employee schemes – SAYE and SIP – are worth more in terms of tax relief than both discretionary schemes. This continues the recent trend of increases in the value of reliefs on EMI and decreases in those on SIP.

Figure 2: Amount of income tax and NIC relief by scheme, 2005-06 to 2018-19.

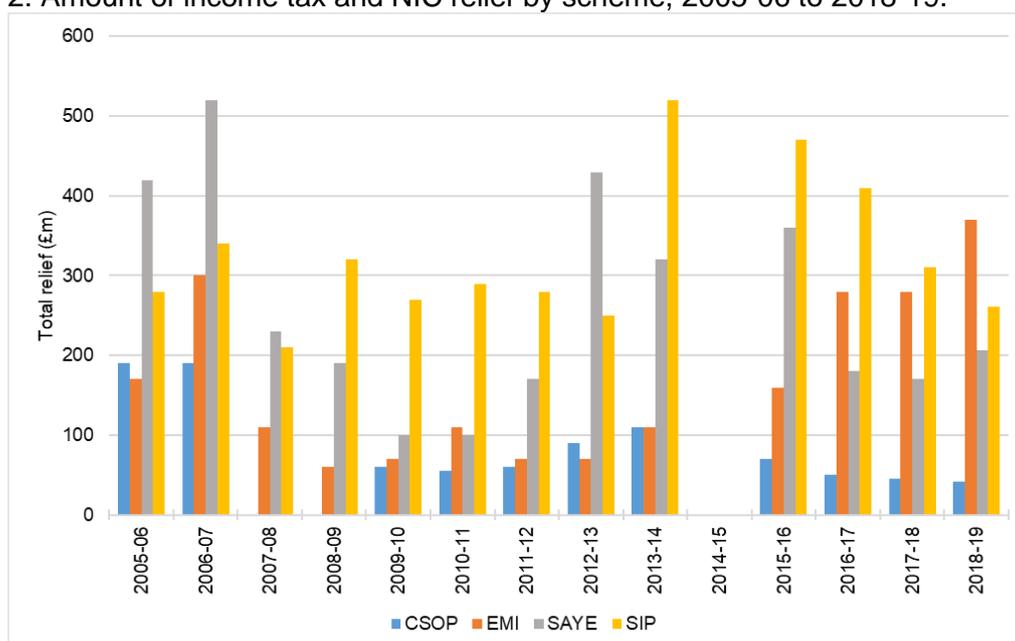
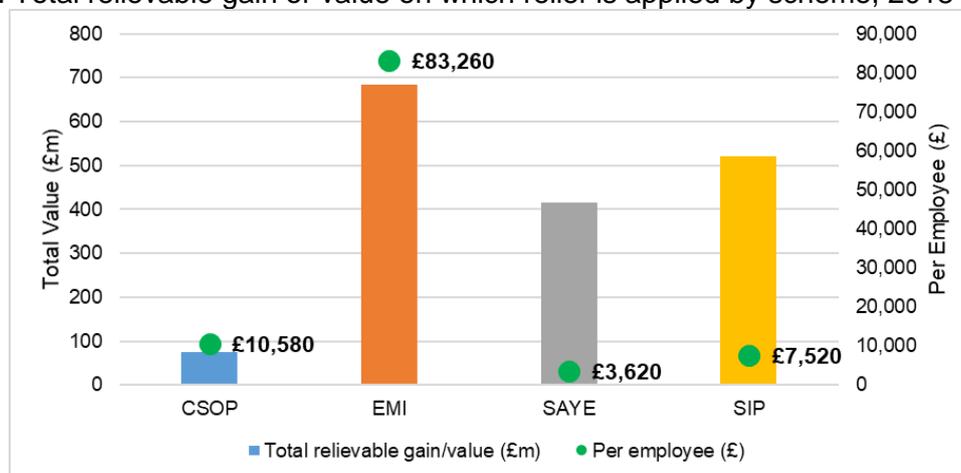


Figure 3 shows that EMI has both the highest total and average relievable gains (value of award for SIP) for 2018-19. Access to EMI schemes is restricted and fewer employees utilise them but the maximum value of options that can be granted is £250,000 per employee, so the gain per employee can be much greater than other schemes where lower limits apply.

Figure 3: Total relievable gain or value on which relief is applied by scheme, 2018-19.

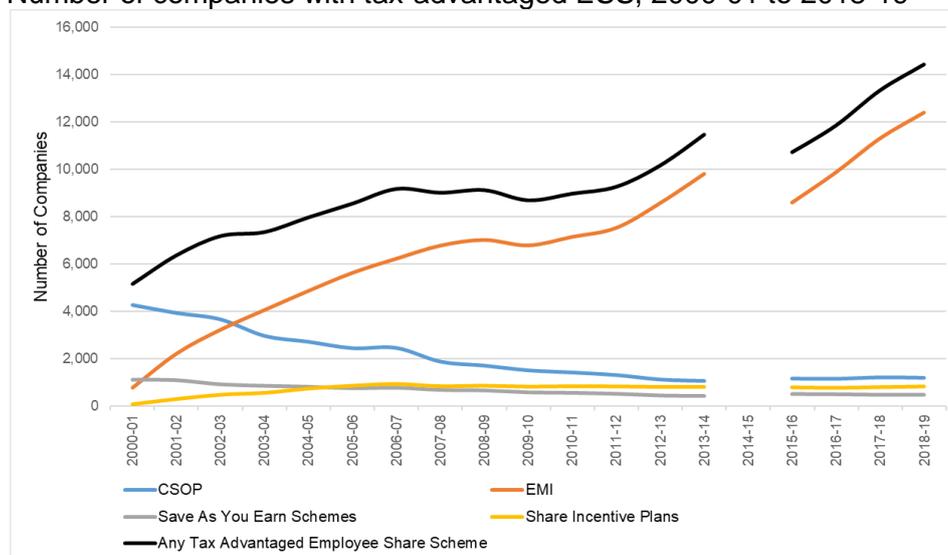


Companies operating schemes

Table 2 shows that 14,420 companies operated tax-advantaged ESS in the UK in 2018-19, an 8% increase since 2017-18 and a 58% increase since 2008-09. The long-term increase in all tax-advantaged schemes, shown in Figure 4, is because of companies offering EMI. 85% of companies operating 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 4% since 2008-09, 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 2018-19



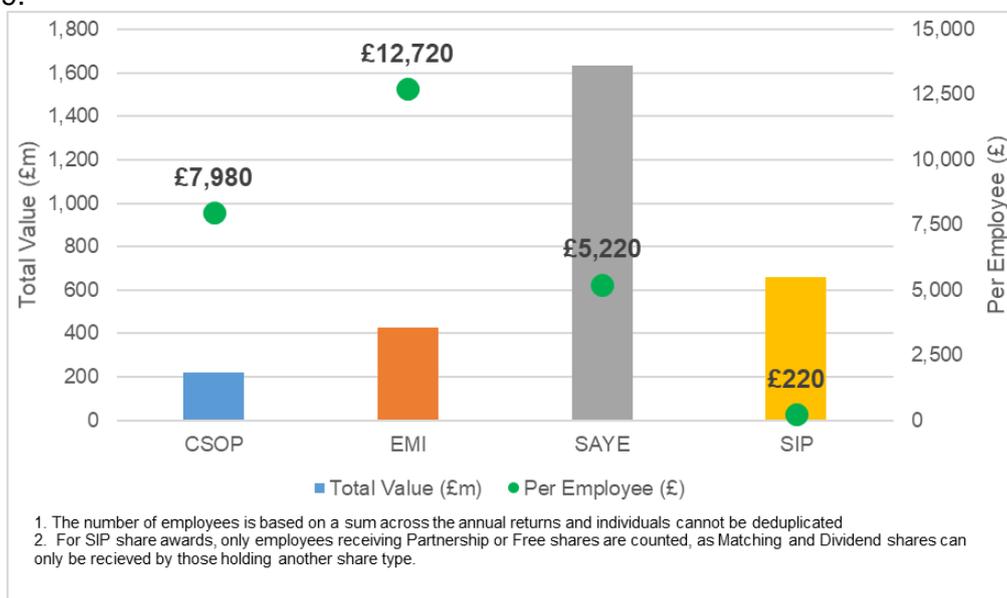
Combination of schemes

Companies can operate more than one type of scheme and this has been broken down in Table 7. This shows the majority of companies only operate one type of scheme, for example, in 2018-19, 99% of companies operating EMI did not operate any other tax-advantaged schemes. There are a much smaller number of companies running two or three schemes, and fewer than ten running all four schemes.

Comparisons between schemes

Figure 5 shows that SAYE schemes have the highest total value of options granted for 2018-19 at approximately £1.6bn. However, as is seen with the gains in Figure 3, SAYE schemes do not have the highest average value per employee (£5,220) as SAYE has a large number of participants. In a similar fashion the per person value of SIP shares is low (£220), despite the total value of SIP share awards being similar to the combined value of EMI and CSOP options granted.

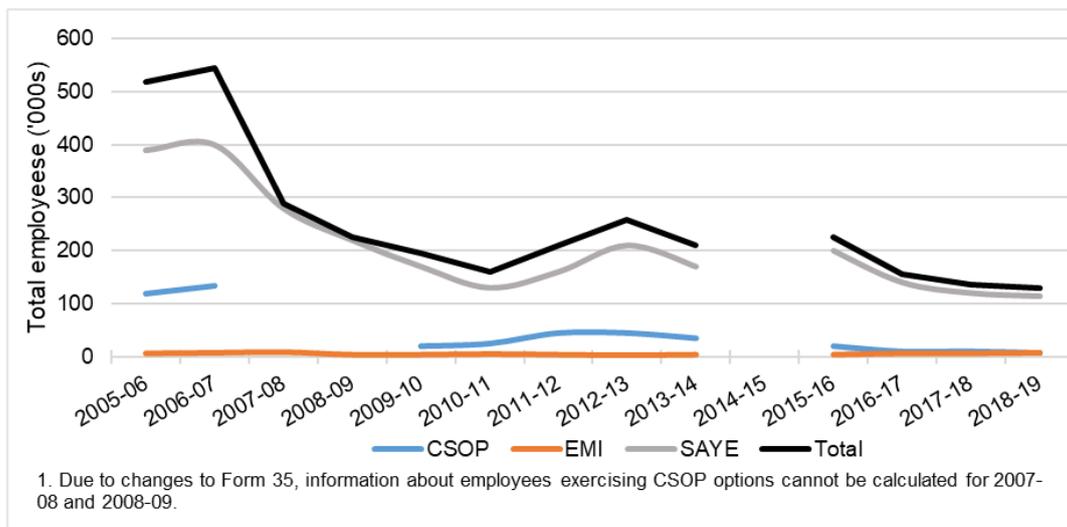
Figure 5: Total value of options granted (shares awarded) by tax-advantaged schemes, 2018-19.



Although the total value of EMI and CSOP awards are lower, the average amount awarded per employee is higher. CSOP has an average value of £7,980 and is limited to £30,000 per employee. The average EMI award per employee is £12,720 and is the highest across all the schemes. The higher values for CSOP and EMI reflect the higher limits on the maximum amount that can be awarded under those schemes. Also, these 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 SIP awards shares rather than granting share options. Whilst the number of employees exercising options in EMI schemes has increased slightly in recent years, 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 2018-19.

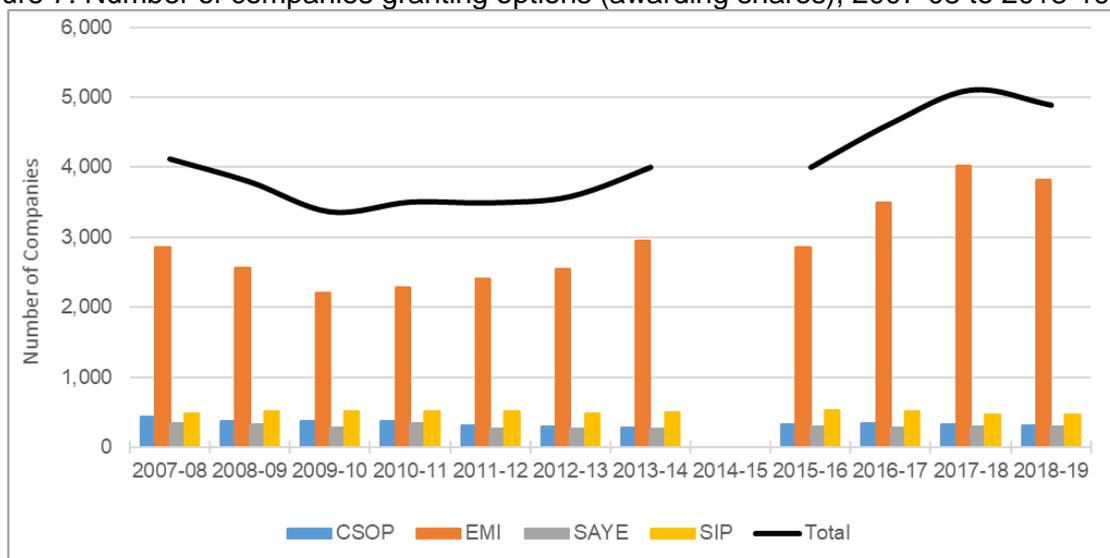


Number of companies granting and exercising options

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, although there is a slight decrease in 2018-19 from 2017-18. The overall trend reflects changes in the number of companies granting EMI options.

The total number of companies in which shares were exercised increased slightly over the last three years, mainly driven by an increase in the number of companies where EMI options were exercised. There are far fewer exercises than grants in each year, exercising means an employee takes advantage of the option to purchase 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 cease operating, thus removing the possibility for employees to exercise shares.

Figure 7: Number of companies granting options (awarding shares), 2007-08 to 2018-19.



Comments on specific schemes

Save As You Earn Share Option Schemes (Table [3](#))

The number of companies that granted options decreased slightly in 2018-19 compared to 2017-18, and the number of employees granted options and the total value of the options also declined. The number of employees that exercised options also fell in the last year, however the gains on those who exercised those options increased.

Company Share Option Plan Schemes (Table [4](#))

The number of companies granting options fell in 2018-19 compared to 2017-18, however the number of employees that were granted options and the value of options granted has remained broadly constant in the last year. The number of employees that exercised options fell in the last year.

Share Incentive Plans (Table [5](#))

The number of employees awarded shares in most types (free, partnership and dividend) have decreased in 2018-19 compared to 2017-18. The value of shares has also decreased slightly for free and dividend shares and increased slightly for partnership and matching shares.

Enterprise Management Incentives (Table [6](#))

In 2018-19 the number of companies granting fell slightly, albeit to only the second highest value on record, and the number of individuals granted EMI shares continued to increase. The total value of these grants fell in comparison to 2017-18. The number of companies where options were exercised, the number of employees exercising options, and the value of gain all increased in 2018-19 compared to 2017-18.

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.