

Company Share Option Plan (CSOP)

Summary: tax advantaged discretionary option plan

A tax advantaged share option plan, CSOP provides a tax efficient and highly flexible way to reward selected employees, managers and full-time executive directors.

Options can be granted with an exercise price of fair market value which, for private companies, can be agreed with HMRC before grant.

Options can be awarded over the shares of UK private or listed companies and foreign parent companies. Option shares can be employee-specific classes subject to economic, voting and other relevant rights and restrictions to meet a company's objectives.

Each employee can be granted options to buy shares with a maxim value of £60,000 at the date of grant.

Option exercise can be made dependent (amongst other things) on the achievement of objective performance conditions. These can be specific to the company, a subsidiary, department or individual, providing a powerful and tailored incentive for staff to work beyond short term goals.

If an employee leaves before options are exercised, the options will normally lapse but there is flexibility to differentiate between leaver reasons.

If options are exercised more than 3 years after the date of grant, there will be no income tax or NICs on exercise. Tax free exercise may also be permitted within 3 years if the employee leaves for specific reasons such as illness or disability or certain qualifying company sales.

Key Features	How can RM2 Help?
<ul style="list-style-type: none">◆ Options not shares.◆ Discretionary – for all or some employees◆ Individual limit of £60,000 – no overall company limit.◆ Suitable for any independent company regardless of size or sector.◆ Tax efficient – no income tax or NICs on grant or on exercise (provided exercised more than 3 years after date of grant).◆ Further gains subject to CGT at 10% or 20%, reduced by annual CGT exemption.	<ul style="list-style-type: none">◆ Advise on option and share design elements (including performance conditions).◆ Assist with formal adoption and approvals.◆ Produce rules of plan, agreements and FAQs for employees.◆ Agree valuation with HMRC.◆ Assist with grant process and employee communications.◆ Register your plan with HMRC and provide ongoing administration.



Contact us to arrange a FREE consultation
Tel: 0208 949 5522 | Email: enquiries@rm2.co.uk