

# Non-Tax Advantaged Share Options (NTA)

*Summary: a discretionary share option plan for employees and non-employees*

Non-tax advantaged share options “NTA” were previously commonly known as “unapproved share options or USOP”. This is because this option arrangement did not receive any tax advantages connected with HMRC approval.

On exercise of a NTA option, income tax (and National Insurance Contributions if applicable) is usually charged on the gain the participant makes i.e. the difference between the market value of the underlying shares and the exercise price. More beneficial capital gains tax rates would only apply to any increase in the share value after the options were exercised, or until the date of the sale of the shares.

A NTA can be helpful in certain circumstances, particularly where tax is not a driver:

- For non-employees, such as consultants, who do not qualify for tax advantaged schemes such as EMI or CSOP (though additional advice may apply for non-employees).
- For awards of incentives over shares in subsidiary companies or other companies that do not qualify for tax favoured schemes.
- Where a “mirror” is required for an existing tax efficient scheme – for example where there is a small number of non-EMI qualifying individuals.

The advantage of a NTA is that it is very flexible – for example, any share class can be used, and any performance conditions can be set. However, there are often more tax efficient alternatives to a NTA. Please contact us for more information.

Key Features	How can RM2 Help?
<ul style="list-style-type: none"><li>♦ Options, not shares.</li><li>♦ Can be relatively tax inefficient – income tax (and, potentially, NICs) on participant gain.</li><li>♦ Tax charge only arises on exercise so no risk for employee until option is exercised.</li><li>♦ Flexible: can be used in any company (including subsidiary companies); and for any participant (including non-employees).</li><li>♦ Not possible to agree share value with HMRC in advance.</li></ul>	<ul style="list-style-type: none"><li>♦ Consider more tax efficient alternatives if available.</li><li>♦ Advise on design of plan including details of leavers, exercise provisions.</li><li>♦ Produce rules of plan, agreements and FAQs for participants, plus any formal approvals required.</li><li>♦ Participant communications.</li><li>♦ Grant processes and registration of plan with HMRC.</li><li>♦ Administer the plan including HMRC annual returns.</li></ul>



Contact us to arrange a FREE consultation  
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