



Fact Sheet

13 JUNE 2026

Employment Related Securities

Reporting deadline of 6 July 2026 for the year ended 5 April 2026

An employer company has an obligation to submit an annual Employment-Related Securities return to HM Revenue and Customs (“HMRC”), if there have been reportable events in respect of employment-related securities (“ERS”) during the year.

What is an “employment-related security”?

The definition of “security” is very wide but, most commonly, the securities in question will be shares in a company. “Employment-related securities” are securities, or an interest in securities, acquired by an individual by reason of the past, present or prospective employment of themselves or another person.

Where a right or opportunity is made available by a person’s employer, or a person connected with the employer, directors and employees (and, in some cases, non-executive directors or consultants), are deemed to acquire shares/securities by virtue of their office or employment, irrespective of the reason for the share acquisition.

There is an exception to this where the right or opportunity is made available by an individual in the normal course of a domestic, family or personal relationship with the employee and not by reason of employment. This will usually cover instances where shares are transferred to spouses or shares are transferred to children as part of a family business’ natural succession.



There are also a number of other reporting exemptions available.

Reporting requirements and deadline

Any reportable events must be reported to HMRC on an ERS return by 6 July following the end of the relevant tax year, i.e. 6 July 2026 for the year ended 5 April 2026.

There are a number of reportable events, including:

- Acquisition of securities (including shares)
- Grant or exercise of securities options
- Assignment and release of securities options
- Changes to share rights/restrictions
- Conversion of securities
- Receipt of other benefits from securities
- Securities sold for more than market value
- Artificial enhancement of market value

This applies to all types of plans, including:

- Non-tax advantaged share arrangements
- Enterprise Management Incentives (EMI)
- Company Share Option Plans (CSOP)
- Save As You Earn (SAYE) schemes
- Share Incentive Plans (SIP)

A return is required each year once a scheme has been registered online with HMRC, so a nil return must be submitted if no reportable events have taken place in the year, unless the scheme has been closed with HMRC.

Penalties

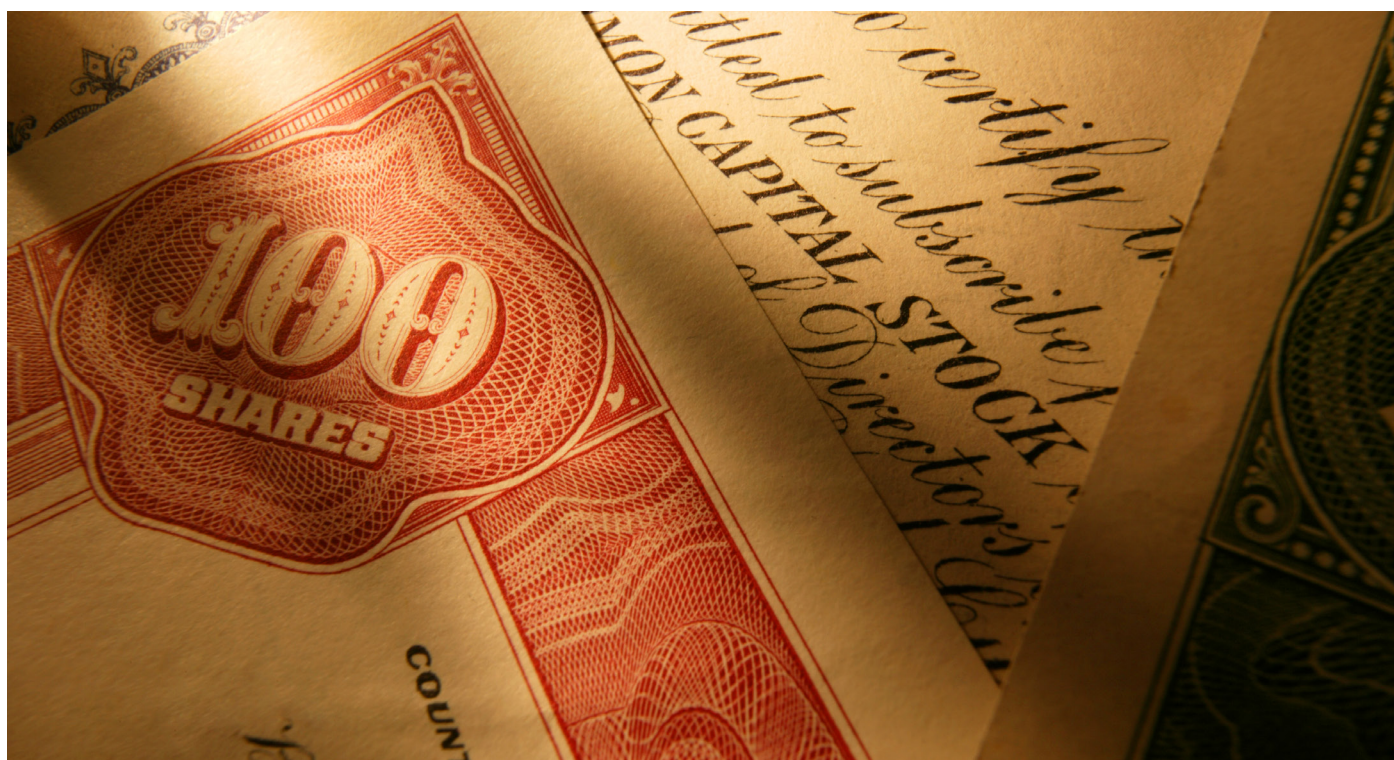
Late filing penalties will apply if the ERS return is not submitted on time and penalties can also be charged if an ERS return is incorrect.

Reporting exemptions

As stated above, there are a few exemptions from ERS reporting which may be available to a company, providing various conditions are met, including:

- Acquisition of founder shares on incorporation/from a company formation agent
- Allotment of further shares prior to trade commencing
- Certain share transactions of flat management companies and members clubss

Please note that, if a suitable reporting exemption is not available, a reporting requirement for the company exists



even when there is no expected corresponding income tax charge arising on the employee/director from the transaction.

What does an employer company need to do?

If affected by the ERS rules, the company would need to file an ERS return by 6 July 2026 in respect of any reportable transactions that occurred in the year ended 5 April 2026.

ERS returns must be filed online through a Government Gateway account. If a company does not already have one, this must be set up before an online submission can be made which can take two to three weeks.

Therefore, if a company is submitting an ERS return for the first time, this process should be started as soon as possible.

EMI notification of options granted in the year ended 5 April 2026

There are additional reporting obligations to notify HMRC of the grant of EMI options. A separate EMI notification of options granted in the year ended 5 April 2026 must also be submitted online to HMRC by 6 July 2026.

We can help you

BGM can help you with ERS reporting requirements and we can also assist with:

- Practical aspects such as assistance with scheme registrations (both unapproved and approved) and related return submissions.
- Technical advice regarding reporting requirements and the applicability of any exemptions.
- Ascertaining the open market value of shares.
- Advice regarding the income tax implications of the acquisition of employment related securities and the impact of any share restrictions.
- Advice in connection with any ERS queries raised by HMRC.
- Advice on the implications of setting up future employee share schemes (approved and unapproved).



For further information, please contact Cheryl Thomas at cherylthomas@bgm.co.uk or your usual BGM partner.

Disclaimer: This information provides an overview of the issues considered and is for general information only. It is not intended to provide advice and should not be relied upon in any specific transaction.

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