



bright grahame murray
CHARTERED ACCOUNTANTS

Fact Sheet

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Employment Related Securities

Reporting deadline of 6 July 2025 for the year ended 5 April 2025

An employer company has an obligation to submit an annual Employment-Related Securities ('ERS') return to H M Revenue and Customs ('HMRC'), if there have been reportable events in respect of 'employment-related securities' 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 a past, present or prospective employment of themselves or another person.

Where the right or opportunity to acquire shares is made available by a person's employer (or a person connected with the employer) then the employee, director or office holder is deemed to have acquired the shares or securities by virtue of their employment, irrespective of the actual 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.



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 2025 for the year ended 5 April 2025.

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

Late filing penalties will apply if the ERS return is not submitted on time.

Reporting exemptions

There are a number of exemptions from ERS reporting which may be available to a company, providing various conditions are met, although the shares acquired are still ERSs.

The reporting exemptions include:

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

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 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 2025 in respect of any reportable transactions that occurred in the year ended 5 April 2025.



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.

Approved share option schemes – movements in the year ended 5 April 2025

There are different reporting obligations for HMRC approved schemes (such as the EMI scheme). Separate annual reports are required, which also need to be submitted to HMRC by 6 July 2025.

The deadline for notifying HMRC of EMI options granted in the year to 5 April 2025 is also 6 July 2025.

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

- Advice regarding the income tax implications of the acquisition of employment related securities and the impact of any share restrictions.
- Providing assistance with any ERS queries raised by HMRC now, or in the future.
- Advice on the implications of setting up future employee share schemes (approved and unapproved) and transactions in securities.
- 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.



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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