Reward and retain your key staff with

Enterprise Management Incentives (EMIs)

How does a share option work? Very simply, the company signs a legal agreement with an employee that gives them a right to buy a set number of the company's shares at a given price at some point in the future. The right to buy the shares 'vests' on that future date, so the employee can buy them immediately or they can wait until a later date, perhaps the day that the company is acquired (an 'exit' event) in trade sale, management buyout or even a flotation on a stock exchange.

Introduction to EMIs

An EMI share option scheme provides significant tax advantages for your employees. Put simply, an 'EMI' scheme is by far the most tax beneficial structure for staff. The EMI scheme was introduced in 2000 to assist growing companies in attracting and retaining key employees and to reward those employees for taking the risk to work for such companies.

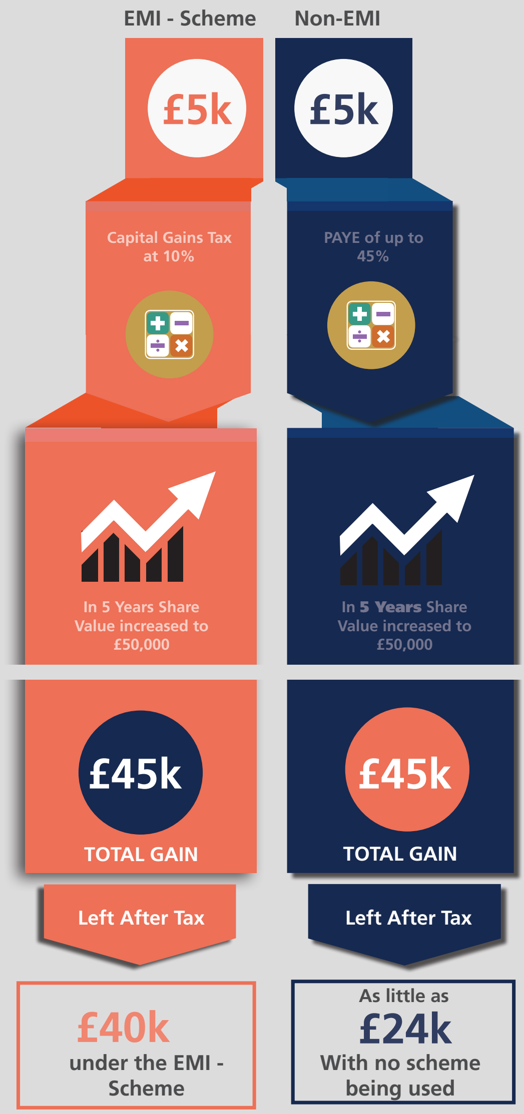
Example:

The diagram shows two employees granted with shares worth £5,000 at a value agreed with HM Revenue and Customs (HMRC). Under non-EMI circumstances, the employee can be taxed as much as 45% based on PAYE, whereas shares purchased under the EMI scheme are tax free and only Capital Gains Tax (CGT) is chargeable at 10%.

The example shows that over a span of five years, the share value increases to £50,000, giving the individual a total gain of £45,000 when sold.

Without the EMI scheme, just over £20,000 is taxed leaving the individual with just over £24,000.

The EMI scheme is significantly more favourable as just under £5,000 is taxed leaving the employee with over £40,000 after CGT.



Your Business Our Passion