

Employer Notice

Employment Share Scheme

Revenue is contacting employers who have indicated they operate share-based remuneration scheme(s) for their employees, as reported on their Form RSS1 and/or Form ESA.

Our records indicate that employees may not be fully aware of their tax obligations where they are engaged in a share-based remuneration scheme(s), for example, where they exercised, assigned or released share options, and/or disposed of shares.

As such, Revenue is requesting that all employers operating share-based remuneration scheme(s) circulate the information provided below to all employees to inform them of their tax obligations under sections 128 & 128B of the Taxes Consolidation Act, 1997. We are also including a guidance note for employees on how to file the relevant tax return(s) and pay any liabilities that may arise.

Your co-operation in sharing this information is very much appreciated.

Yours sincerely,

Branch Manager

Share Schemes – Employee Information

Revenue receives return(s) each year from employers who operate share-based remuneration scheme(s). These returns indicate which employees have participated in a share scheme and if they have exercised, assigned or released share options, and/or disposed of shares.

I have unapproved Share Options – what do I need to do?

Where a company grants a share option to an employee/director, they are given the right to acquire a pre-determined number of shares at a pre-determined price for a set period of time. These option schemes are commonly referred to as “unapproved share option schemes”.

Where share options are exercised, assigned or released in an unapproved share scheme, you are liable to pay tax (see below) on any gain. You are considered a ‘chargeable person’ for the year in which you exercise, assign and/or release a share option. You are required to complete an Income Tax Return (Form 11).

Where you have exercised an unapproved share option, the Income Tax (IT), Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) due is known as **Relevant Tax on Share Options (RTSO)**.

You are liable to pay RTSO within 30 days of exercising share options.

You need to complete an RTSO1 Form when making your payment, see details on page 2.

Late payment of RTSO is subject to an income tax interest rate. This is **0.0322** per cent for each day or part thereof. Interest is calculated from the date when payment is due until the date payment is made.

For help in filing and paying RTSO please see page 2 or for further information please visit the ‘Additional Incomes’ section on **www.revenue.ie**.

I sold my shares, what do I need to do?

If you exercise your unapproved share options and subsequently dispose of the shares you acquired, you may be liable to Capital Gains Tax (CGT). You must report this disposal to Revenue, even if no tax is due. Your employer will not deduct any tax or report the disposal for you, for help in filing and paying CGT please see page 2.

I got dividends from my shares, what do I need to do?

Dividends are payments by a company to you as a reward for owning a share in the company. Dividend payments are taxable, and you must declare this income to Revenue.

Important Note

It is the responsibility of every taxpayer to comply with their tax and duty obligations. If you fail to file a tax return and pay the tax due (including USC and PRSI), Revenue may contact you in relation to your tax affairs. Revenue may open a compliance intervention under Revenue’s Code of Practice for Compliance Interventions. This sets out what you, as a taxpayer, can expect from Revenue and how we will conduct our interventions. It also sets out the benefits that arise from disclosing any default at the earliest opportunity and cooperating fully with a Revenue inquiry. Failure to ‘pay and file’ may result in interest and penalties. For further information please visit **www.revenue.ie**.

Completing your RTSO, CGT and Income Tax Returns & Making Payments

1. Tax registration for RTSO & making a payment

- a) If you are registered for RTSO, you must pay your RTSO using ROS or myAccount.
- b) If you are not registered for RTSO, you must register for RTSO using MyEnquiries requesting tax registration. You can then make a payment using ROS or myAccount.
- c) Once you are registered for RTSO, to make a payment using:
 - ROS, please select 'My Services Screen', 'Payments and Refunds' and click 'Submit a Payment'.
 - myAccount, please select 'Payments/Repayments' and click 'Make a Payment'.

2. Complete your RTSO1 Form

- a) Once the RTSO payment has been made you must file an RTSO1 Form.
- b) The RTSO1 Form is available to download from **www.revenue.ie**, when complete please upload to ROS or myAccount.

3. Complete your CGT disposal

- a) If you are registered for CGT, you must pay your CGT using ROS or myAccount.
- b) If you are not registered for CGT, you must register for CGT using MyEnquiries requesting tax registration. You can then make a payment using ROS or myAccount.
- c) For disposals made between:
 - 1 January and 30 November you must pay CGT by **15 December of the same year**.
 - 1 December and 31 December you must pay CGT by **31 January of the next year**.

4. Complete your Income Tax Return (self-assessment):

You must register for self-assessment (Income Tax), once you register you file your tax return (Form 11), where you will declare

- RTSO payment made, under shares and disposals
- CGT, you must do this even if no tax is due because of reliefs or allowable losses.
- Dividend Income if any.

If you require assistance:

The quickest and easiest way to contact us is through '**MyEnquiries**'.

For guidance on RTSO and CGT tax registration, please mark your enquiry for the attention of the 'Collector General's'.