

Taxes Office - Treasury & Resources

White Paper



TAXATION OF SHARE OPTIONS AND SHARE AWARDS

19 APRIL 2010

Closing date 6 WEEKS FROM ISSUE DATE.

Summary

The key points and issues raised following the consultation on the taxation treatment of share options and share awards can be found in the Green Paper 'Summary of responses' issued on 19 April 2010.

Having explored the key points raised in response to the Consultation, the Minister for Treasury and Resources is minded to move forward as follows:

- To legislate that the taxation point for share options is moved from the date of grant to the date of exercise.
- To legislate that the taxation point for share awards is moved from the date the shares are awarded or the date the right to the shares is granted to the vesting date (or earlier if the option date or vesting date is brought forward).
- Introduce legislation to tax the market value of the shares awarded at vesting date less any consideration paid for the shares.
- In the case of share options legislate to tax the market value of the shares acquired on the exercise of the option less any consideration paid for the grant of the option.
- Introduce legislation to provide a fair and equitable assessment of the taxable value of share options granted and share awards made to mobile employees.
- If the share award or share option is granted or made by an unquoted company the Comptroller of Taxes will ask the company to provide an independent professional opinion as to the value of the shares.

- The current taxation treatment will continue to apply to options which have been granted or shares which have been awarded prior to the new proposed legislation coming into force. All share options granted and shares awarded after the new legislation comes into force will be subject to the new proposed legislation.
- If artificial restrictions are put in place by the issuing Company so as to put the individual in a position where he can delay the taxation point or determine himself when the taxation point arises the Comptroller will refuse a deduction under Article 69A to the issuing company.
- To legislate for a copy of the share option and share award scheme rules to be sent to the Comptroller of Taxes by the employer without exception.
- Share options/awards to be kept within the BIK regime (i.e. within the £1000 limit deduction)
- Share options/awards not to be subject to ITIS deductions. However cash alternatives paid will be subject to ITIS.
- 'Shares' to be defined widely meaning any instrument which allows an employee to acquire equity in their employing company.

Please send your comments to:

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This consultation paper has been sent to the following individuals / organisations:

The Public Consultation Register
 Council of Ministers
 States Assembly Members
 Jersey Chamber of Commerce
 Institute of Directors
 Jersey Taxation Society
 Jersey Society of Chartered and Certified Accountants
 Jersey Society of Practicing Accountants
 Jersey Bankers Association
 Jersey Finance Limited

Institute of Financial Services
Jersey Pensions and Financial Services Association