

PROS AND CONS OF EMI SHARE OPTIONS

EMI is a government-backed, tax advantageous, share options scheme for employees that is used by over 10,000 SMEs in the UK.

FLEXIBILITY

The scheme is relatively flexible, in terms of the conditionality and timeframes that can be set as part of its terms to the employee.

TAX EFFICIENT

Likely to be the most tax efficient scheme for employees (people who spend more than 75% of their time at your business).

EMPLOYEES ONLY

You cannot award EMI shares to non-employees.

MINIMAL TAX

Income Tax is only payable on the difference between what the employees pay for them (the exercise price) and their value when the options were originally awarded.

LOWER RATE OF TAX

Recipients will have to pay Capital Gains Tax when they sell their shares, but at a lower rate than normal. This is because you can get Entrepreneurs' Relief with EMI shares which means you only pay tax at 10% rather than the usual 20%.

CRITERIA

There are a number of criteria that must be met for the company and the employees to be applicable, and a number of processes that must be followed to ensure that they remain so.

SET CONDITIONS

You can set conditions for recipients, such as achieving milestones, or staying with the company for an agreed period of time.

TAX BENEFITS FOR ALL

The company can offset the costs of the scheme, as well as the tax benefit achieved by the employee between issuance and exercise against their own profits as a corporation tax relief.

Still not sure if EMI share options are right for your business?

The Complete Guide To Setting Up A Company Share Scheme will answer almost all your questions. For any others, just get in touch with us at [Vestd.com](https://vestd.com)