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# What about dividends?

When Kier pays a dividend, the payment you receive will automatically be reinvested to buy additional Kier shares, known as dividend shares, and added to your account within the SIP trust. However, if you would prefer to receive your dividends in cash, you can change your instruction online at [www.kiershareplans.co.uk](http://www.kiershareplans.co.uk) and it will be paid into the bank account that receives your salary payment.

If the dividend payment is too small to purchase any shares (or any amount is left over after purchasing dividend shares), the cash will be held in the SIP trust for you until it can be added to other dividend payments and there are sufficient funds to purchase further dividend shares.

Dividend shares will be subject to a holding period of three years, which means that while you are still employed by Kier you will not be able to withdraw your dividend shares from the SIP trust within three years of the date of the relevant dividend payment. After three years you can remove dividend shares from the trust free from any deductions for income tax and NICs.

## What is a dividend?

Dividends are payments made by a company to its shareholders. When a company makes a profit it can either be re-invested into the company or it can be given to the investors who own shares in the company as a dividend payment.

**Important note:** There is a dividend allowance which means the first £500 (dividend allowance for tax year 2024/2025) of any dividends you receive in each tax year (excluding those received by pension funds and shares held in an ISA) is exempt from taxation. You'll be liable for tax on any dividend income you receive over the dividend allowance and will need to declare this through a self-assessment tax return.

Dividends reinvested in a SIP do not usually count towards this allowance, unless you leave Kier in certain circumstances and withdraw dividend shares that have been held for less than three years. In this circumstance the value of the original dividends used to buy these dividend shares will count towards your dividend allowance for the tax year in which you leave (as will any dividend money that has not yet been reinvested in dividend shares).

To help you track the amount of dividend income received from the Kier SIP, we'll send you confirmation of the dividends you receive.