

Capital Gains Tax FAQs

1. Will I pay tax on Sharesave?

There is no income tax or national insurance payable on any gains you make when you exercise your Sharesave option to buy Kier shares at the fixed Option Price and then sell those shares. But depending on how much those shares are worth when you sell them, you may be subject to Capital Gains Tax ("CGT").

2. What is Capital Gains Tax, and do I need to pay it?

CGT is a tax you may need to pay if you make a profit ("gain") when you sell (or "dispose of") shares or other investments; this includes any shares acquired through Sharesave - your gain is the market value (share price) of the shares when sold, minus the Option Price you paid to buy each share, multiplied by the number of shares.

HM Revenue & Customs ("HMRC") currently allows you to make a certain level of capital gains in each tax year without being taxed. If your total gain in the tax year (which must include any other capital gain you have made within the tax year) exceeds the current exemption limit (your "Annual Exempt Amount"), you will have to pay tax CGT on any gain above this limit.

The CGT Annual Exempt Amount for the 2024/2025 tax year is £3,000. So, if your gain from Sharesave (when added to any other gains you have) is less than the Annual Exempt Amount you will have no CGT to pay.

3. When does the tax year end?

The 2024/2025 tax year starts 6 April 2024 ending on 5 April 2025, the CGT Annual Exempt Amount is £3,000.

4. How do I calculate my capital gain?

Your gain is the market value (share price) on sale, minus the Option Price, multiplied by the number of shares.

The examples in the table below will hopefully help to illustrate:

	Saving £75 per month	Saving £150 per month
Length of contract	Three years (36 months)	Three years (36 months)
Total savings (savings x 36 months)	£2,700	£5,400
Sharesave October 21 - Option Price	96p	96p
Total Shares (savings divided by Option Price, rounded down to nearest share)	2,812	5,625
Total Share Cost (A)	£2,699.52	£5,400
Example Share Price on exercise of your Option and sale of the Shares (per share)	£1.55	£1.55
Market Value (Shares x £1.55) (B)	£4,358.60	£8,718.75
Gain (Market Value less the cost to buy the shares at the Option Price) (B less A)	£1,659.08	£3,318.75

<p>Do I have to pay CGT?</p>	<p>If you have no other capital gains in the tax year, then there would be no CGT to pay as the gain is within the £3,000 Annual Exempt Amount for 2024/2025.</p>	<p>How much you pay will depend on whether you have used up any of your Annual Exempt Amount. If the full Annual Exempt Amount of £3,000 is available to you, then the gain subject to CGT in this example would be £318.75. If you are a higher rate taxpayer you would pay CGT at 24% which is £76.50.</p>
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5. If I keep the shares, will I have to pay CGT?

You will not be subject to any CGT at the point you buy and keep the shares but, if you sell the shares in the future, you may be subject to CGT, depending on the value at the time of sale. You could choose to sell a proportion of the shares so that their value doesn't exceed your CGT Annual Exempt Amount.

If you transfer the shares into a Stock and Shares ISA (within 90 days of you exercising your option to buy the shares), you do not pay any CGT on gains made when you sell the shares.

6. What is the CGT rate payable?

The CGT rates payable changed with effect from 30 October 2024, if you pay higher rate income tax, CGT on share disposals is currently 24%. For basic rate taxpayers, it can be 18% depending on the rate you pay and the size of your gain and your taxable income. More information is available on the Gov website www.gov.uk/capital-gains-tax/.

7. How do I pay CGT?

CGT is not paid via payroll, so you will need to submit a self-assessment tax return to HMRC to account for any CGT or use the HMRC 'real time' Capital Gains Tax Service.

You can find more details on CGT on the Gov website www.gov.uk/capital-gains-tax/.

8. Can I transfer some of my shares to my spouse or civil partner to use their CGT Annual Exempt Amount as well as mine?

Yes. Each person has an CGT Annual Exempt Amount, and you are permitted under HMRC rules to transfer some, or all, of your shares to your spouse or civil partner. If they then sell the shares, they will only be subject to CGT on gains in excess of their own Annual Exempt Amount.

This only applies to your spouse or civil partner and not any other relationship.

9. Keeping the shares in a Stocks and Shares ISA?

Shares which are held in a Stocks and Shares ISA are not subject to CGT when sold. If you would like to transfer your Kier shares into an ISA at maturity, this must be done within 90 days of you exercising your option to buy the shares at the Option Price.

EQ provides access to a Stocks and Shares ISA but other Stocks and Shares ISAs can be used. Please remember that the maximum you can invest in an ISA is £20,000 per tax year.

If you would like to transfer the Kier shares into a Stocks and Shares ISA, there are several methods:

- i. Buy the Kier shares at the Option Price and transfer into the Equiniti Corporate Sponsored Nominee. Once the shares are in the CSN, you are able transfer the shares out of the CSN and into a Stocks and Share ISA.

- ii. If you make your instruction to EQ by 14 January 2025 (and you don't have a delayed maturity date), you have the opportunity to register for a EQ Stocks and Shares ISA as part of the online maturity process and the Kier shares will be purchase at the Option Price and transferred directly into the ISA.

With option i above, the shares must be transferred into the ISA within 90 days of you exercising your option to buy the shares.

More information is available at www.kiershareplans.co.uk