

# Tax & NICs Savings

## Income Tax and NICs savings on purchase of partnership shares

As your contributions to the SIP come from your pre-tax salary, you don't pay any income tax or NICs on the money you are investing. Below is an example of the potential tax and NICs savings if you were paying £10, £50, £150 or £1,800 into the SIP.

Monthly contribution from pre-tax salary	Basic rate taxpayer		Higher rate taxpayer		Additional rate taxpayer	
	20% income tax, 8% NICs		40% income tax, 2% NICs		45% tax, 2% NICs	
	Tax and NICs saving per month	Equivalent cost of deduction from net pay	Tax and NICs saving per month	Equivalent cost of deduction from net pay	Tax and NICs saving per month	Equivalent cost of deduction from net pay
£10	£2.80	£7.20	£4.20	£5.80	£4.70	£5.30
£50	£14.00	£36.00	£21.00	£29.00	£23.50	£26.50
£150	£42.00	£108.00	£63.00	£87.00	£70.50	£79.50

Lump Sum from pre-tax salary	20% income tax, 8% NICs		40% income tax, 2% NICs		45% tax, 2% NICs	
	Tax and NICs saving on lump sum	Equivalent cost of deduction from net pay	Tax and NICs saving on lump sum	Equivalent cost of deduction from net pay	Tax and NICs saving on lump sum	Equivalent cost of deduction from net pay
	Tax and NICs saving on lump sum	Equivalent cost of deduction from net pay	Tax and NICs saving on lump sum	Equivalent cost of deduction from net pay	Tax and NICs saving on lump sum	Equivalent cost of deduction from net pay
£1,800	£504.00	£1,296.00	£756.00	£1,044.00	£846.00	£954.00

The above table is provided for illustration purposes only and based on the rates of income tax and NICs in force at the time of publication (2025/2026 tax year). The amount of income tax and NICs that you pay will depend on your own personal circumstances. Scottish and/or Welsh rates/bands of income tax may differ. Please note that while you will make these income tax and NICs savings at the time deductions are taken from your salary, you'll have to pay income tax and NICs if you withdraw any shares or leave the company in certain circumstances within five years of their purchase date.

# How does the tax work?

The table below summarises the income tax and NICs treatment of SIP shares if you withdraw any shares from the SIP while still employed by Kier or if you leave through resignation, dismissal or the ending of a fixed term contract.

Time shares held in SIP trust		Type of SIP shares		
		Partnership shares	Matching shares	Dividend shares
0 - 3 YEARS	Income tax and NICs due on withdrawal within 3 years of purchase/award	Payable on market value of the partnership shares on the leaving date or the date they are withdrawn from the SIP if still employed.	None.  Note: all matching shares would be forfeited in these circumstances.	Dividend shares are not available to withdraw during this period while you remain employed by the company. If you leave however, the value of the original dividends used to buy dividend shares will count towards your dividend allowance (currently £500 for the 2024/2025 tax year) for the tax year in which you leave (as will any dividend money that has not yet been reinvested in dividend shares).
	Income tax and NICs due on withdrawal between 3 and 5 years of purchase/award	Payable on the lower of: (i) the amount of salary used to buy the partnership shares; and (ii) the market value of the partnership shares on the date of leaving or the date they are withdrawn from the SIP if still employed.	Payable on the lower of: (i) the market value of the matching shares on the date they were awarded; and (ii) the market value of the matching shares on the date of leaving or the date they are withdrawn from the SIP if still employed.	
5+ YEARS	Income tax and NICs due on withdrawal 5 or more years after purchase/award	None	None	None

The table below summarises the income tax and NICs treatment of SIP shares if you leave the company due to injury, ill health or disability, redundancy, retirement, death in service, transfer of employment under TUPE (the Transfer of Undertakings (Protection of Employment) Regulations 2006), or a change of Control or other circumstances ending the Associated Company status of the Company by which you are employed.

	Partnership shares	Matching shares	Dividend shares
Income tax and NICs on withdrawal regardless of how long shares have been held	None (but income tax and NICs may be payable on any salary deductions not yet used to buy partnership shares).	None.	None.

## What about capital gains tax?

If you sell your shares directly from the SIP trust, you will have no Capital Gains Tax (CGT) to pay in respect of the sale. However, if you keep the shares after you take them out of the SIP trust and sell them later or are selling them after leaving you may be liable to pay CGT; the cost of the shares for capital gains purposes will be their market value on the date the shares leave the SIP trust.

Each person has an annual CGT allowance (currently £3,000 for the 2025/2026 tax year), which means the first £3,000 of capital gains you make in any particular tax year is exempt from CGT. Only the gain exceeding the annual allowance will be liable to CGT. You can find further information about CGT on the HM Revenue and Customs (HMRC) website at [www.gov.uk/capital-gains-tax](http://www.gov.uk/capital-gains-tax).