Tax Implications

Introduction

The following information gives a brief summary of the UK tax position regarding your 2022 3 year SAYE. This information is for general guidance only and is not a definitive statement of the tax rules. If you have any doubt as to your tax position or what action you should take, you should consult an Independent Financial Adviser duly authorised under the Financial Services and Markets Act 2000. Under current legislation there is no Income Tax to pay as a result of exercising your Option to buy shares or taking your savings.

If you choose to sell your shares you may have to pay some Capital Gains Tax (CGT). Ordinarily CGT will be payable on the amount by which the sale proceeds exceed the Option Price. However, any such gain may fall within the CGT annual exemption (an amount of gains you can make each year from all sources without paying CGT). HM Revenue & Customs currently allows you to make a certain level of capital gains in each tax year without being taxed. If your gain (which must include any other profit you've made from the disposal of other assets within the tax year) exceeds the annual exemption limit, you'll have to pay tax on any gain above this limit.

Important information

Each year the Government sets a CGT Allowance threshold. If all your gains in a year fall under this tax-free allowance, then no CGT is payable. However, any gains above the CGT allowance threshold will be taxable.

The current CGT allowance threshold from 6 April 2025 for the 2025/2026 tax year is £3,000. You will be able to see your current potential gain on the ESP Portal to check if you may be impacted.

How much is CGT?

CGT is chargeable at different rates depending on whether you are a basic or higher rate taxpayer. HMRC provides a useful overview here.

How do I report and pay CGT?

You will need to report any CGT direct with HMRC. You can find more details on how to do this here.

Can I do anything to reduce the amount of CGT I pay?

Whilst we can't provide any financial advice on tax matters, there are some options you may wish to consider:

1. Moving your shares into a Stocks & Shares Individual Savings Account (ISA)

A Stocks & Shares ISA allows you to invest up to £20,000 per year tax free, including any income from dividends. Any gain on a sale is free from CGT. You'll need to make the transfer into your ISA within 90 days of exercising your option.

Whilst we can't endorse a specific product, the EQi Flexible Stocks & Shares ISA will be available as an option for you to choose at maturity.

2. Sell over more than one tax year
Consider the timing of the sale of your shares, based on the fact the CGT allowance is set to reduce. You can sell shares in a phased approach over more than one tax year.

3. Gift to a spouse or civil partner
You don't pay CGT on shares you give or sell to your husband, wife or civil partner. They would still need to pay CGT on any gain when they come to sell the shares, but they may be able to utilise their own CGT allowance, subject to their own personal circumstances.

If you are in any doubt as to the course of action to take, we would recommend you seek independent financial advice.