



Coverage:
United Kingdom

Theme:
The Economy

Released:
30 June 2011

Next Release:
June 2012

Frequency of release:
Annually

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Employee Share Schemes Statistics for 2009-10



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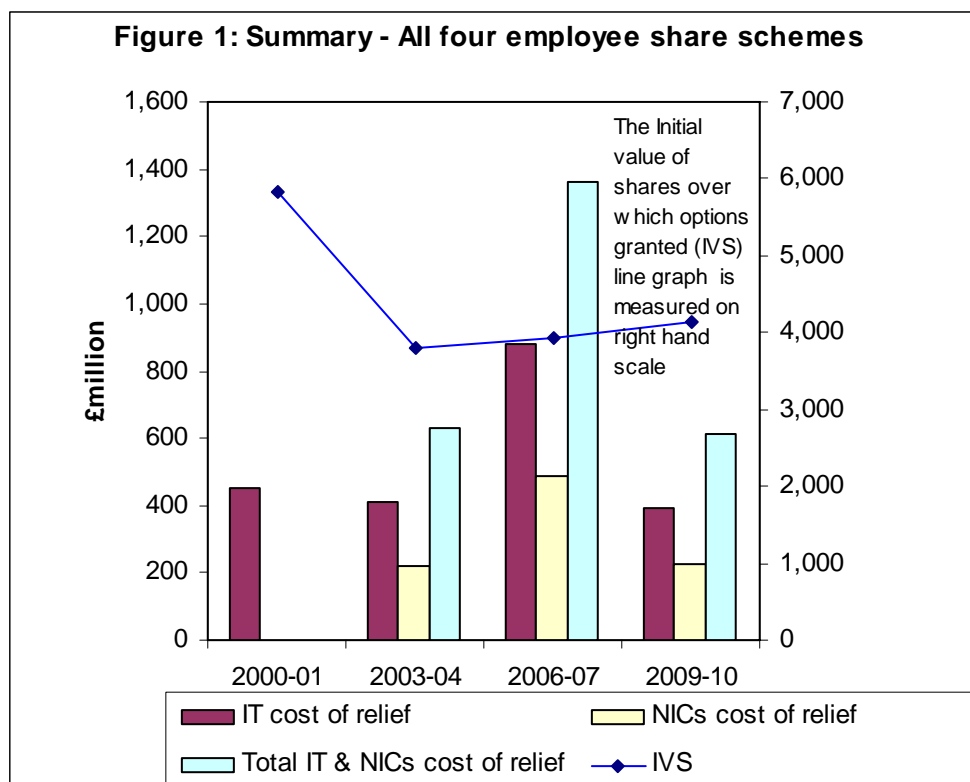
1 Summary

The statistics in this publication cover four tax-advantaged (approved) employee share schemes: Enterprise Management Incentives (EMI), Company Share Option Plan (CSOP), Share Incentive Plan (SIP), and Save As You Earn (SAYE).

There were 12,500 companies operating a tax-advantaged employee share scheme in the UK in 2009-10, up from 12,140 a year earlier. The overall numbers of companies operating at least one scheme have grown substantially from 5,180 in 2000-01. However a close look reveals very different trends for the individual schemes. There have been long term declines in the numbers of companies with two of the schemes. There were 4,270 companies with CSOP schemes in 2000-01 but only 1,490 in 2009-10. The SAYE scheme had 1,110 companies in 2000-01 but these had declined to 600 in 2009-10. More recently the SIP scheme has declined with 940 companies in 2006-07 but only 840 in 2009-10. In contrast, the number of companies operating EMI schemes has steadily increased, from 870 in 2000-01 to 10,610 in 2009-10. The number of EMI companies granting options each year is however much lower with 2,190 companies granting options in 2009-10.

The initial value of shares over which options were granted for all four schemes (figure 1) rose by 6% to some £4.2 billion in 2009-10 compared to 2006-07, the last year for which complete comparable data is available. In 2006-07 54% of the initial value of shares over which options were granted was accounted for by the SAYE scheme alone and this further rose to 74% (£3 billion) in 2009-10. The initial value of shares for all the schemes combined was highest in 2000-01 at £5.8billion. After a sharp decline it recovered to about £4.2billion in 2009-10. There are disparate trends within these figures which are shown in the detailed sections on each scheme.

The cost of income tax relief (figure 1) for all schemes declined to £390 million in 2009-10 from £880 million in 2006-07. The cost of National Insurance Contributions relief also declined to £225 million from £490 million, resulting in an overall 55% reduction in the combined costs of income tax and National Insurance Contributions reliefs. This probably reflected the economic situation during this period.



The costs of reliefs across all the schemes have tended to move in the same direction (though not always at the same pace) and they have reflected the underlying trends in the gains receiving income tax and National Insurance Contributions relief. Complete data on income tax and National Insurance Contributions reliefs was not available for the four schemes in 2007-08 and 2008-09. In addition the costs of National Insurance Contributions reliefs were not available prior to 2003-04. Figure 1 therefore shows income tax relief costs from 2000-01 while NICs relief costs only cover the years 2003-04, 2006-07 and 2009-10. Detailed statistics for each scheme are summarised in the sections below.

2 Introduction

Share schemes allow employees to acquire shares or options over shares in their company as part of their remuneration. Approved employee share schemes have to be notified or approved by HMRC. Under specified conditions, gains on shares acquired under these schemes have advantages for employees and employers of being free from income tax and National Insurance Contributions. A company is “operating” a scheme if it has employees with a live option(s) and/or shares and the scheme itself has not ceased or had its approval withdrawn.

The Tables for each employee share scheme are available at:

Approved Profit Sharing Schemes: (Table 6.1)

http://www.hmrc.gov.uk/stats/emp_share_schemes/aps.xls (Last updated 2002-03).

Companies with tax-advantaged employee share schemes: (Table 6.2)

http://www.hmrc.gov.uk/stats/emp_share_schemes/companies.xls.

SAYE (Table 6.3) http://www.hmrc.gov.uk/stats/emp_share_schemes/saye.xls;

CSOP (Table 6.4) http://www.hmrc.gov.uk/stats/emp_share_schemes/csop.xls ;

SIP (Table 6.5) http://www.hmrc.gov.uk/stats/emp_share_schemes/sip.xls;

EMI (Table 6.6) http://www.hmrc.gov.uk/stats/emp_share_schemes/emi.xls.

New data for SAYE, CSOP and SIP is for the latest year 2009-10 only. The EMI Table is updated each year and historical revisions are incorporated when they occur.

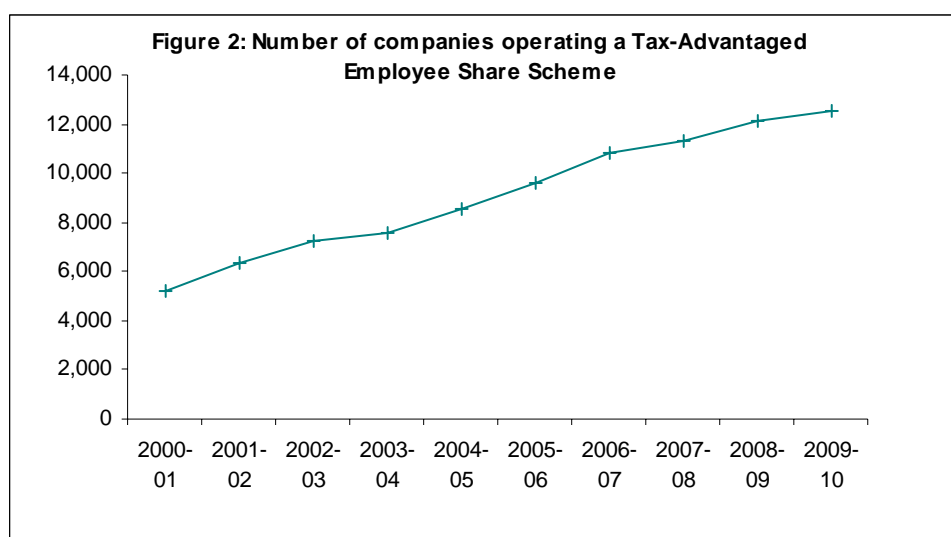
3 Tax-advantaged employee share schemes

The table below provides a brief summary of the different tax-advantaged employee share schemes by date of introduction, characteristics and types of reliefs given.

Characteristics of employee share schemes

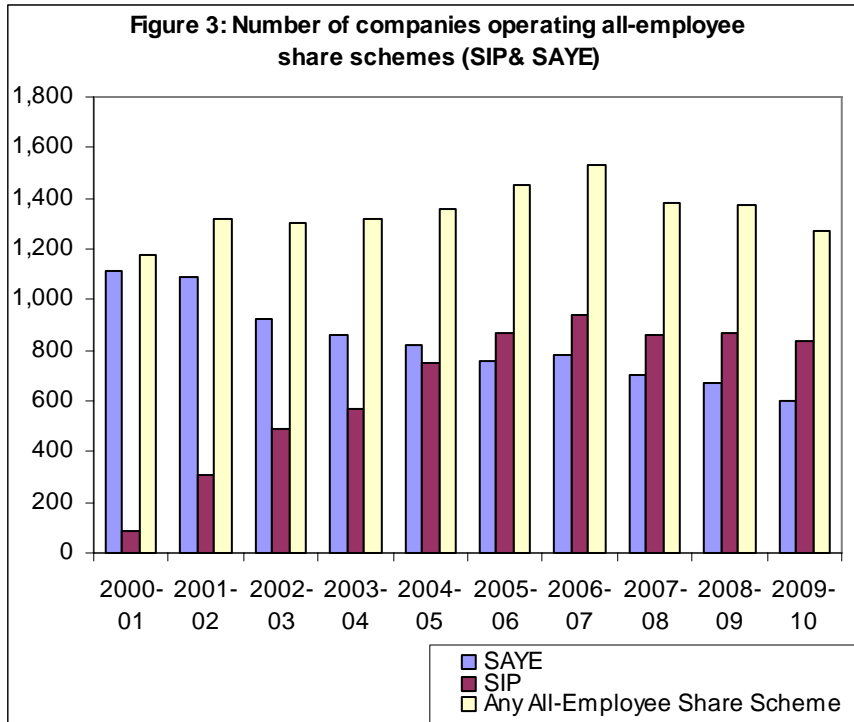
Scheme Name	When Introduced	Description	Type	Relief given
EMI	2000	Options awarded	Discretionary	IT/NICs
CSOP	1996	Options awarded	Discretionary	IT/NICs
SAYE	1980	Savings with option to buy shares	All employees	IT/NICs
SIP	2000	Shares awarded or purchased	All employees	IT/NICs/CGT

In Figure 2 below there were 12,500 companies operating a tax-advantaged employee share scheme in the UK in 2009-10, up from 12,140 a year earlier. EMI operated by far the largest number of companies and its continued growth is a significant factor in the overall figures. Some companies operate more than one employee share scheme, i.e. a company may have a SAYE, CSOP and a SIP scheme, or a combination of these at the same time. Others may operate more than one scheme of the same type, such as having two or three SAYE schemes registered under the same company registration number.



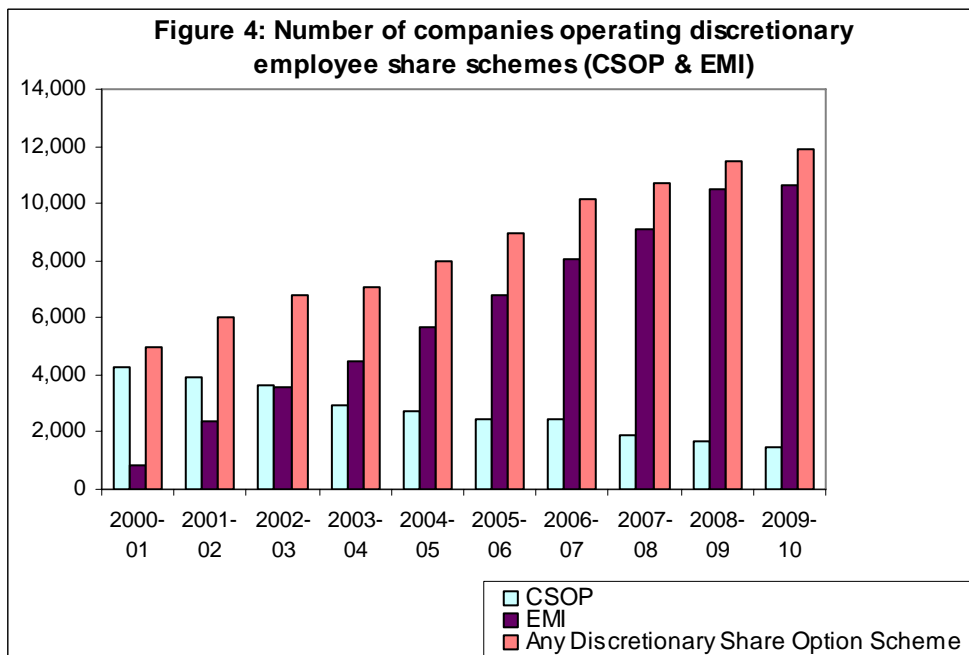
3.1 All-employee share schemes

SIP and SAYE schemes are called all-employee schemes because they have to be offered to all qualifying employees in a company without exception. Figure 3 shows that in 2009-10 1,270 companies operated an all-employee share scheme, a decrease of 100 compared to 2008-09. The highest recorded number of all-employee schemes was 1,530 in 2006-07. The number of companies operating SAYE schemes has since then declined more rapidly than those operating SIP schemes.



3.2 Discretionary employee share schemes

CSOP and EMI schemes are called discretionary schemes as companies are not obliged to offer these to all employees, but may offer them to selected employees meeting certain stipulated qualification criteria. Figure 4 shows that 11,880 companies operated a discretionary scheme in 2009-10 (both EMI and CSOP), of which 10,610 companies were EMI. In 2008-09 11,500 companies had operated a discretionary scheme. The number of EMI companies granting awards in any one year is much lower than the total number of EMI companies, suggesting that EMI companies do not make new or repeat awards each year.



4 Individual employee share schemes

Detailed guidance on employee share schemes can be found at <http://www.hmrc.gov.uk/shareschemes/>.

4.1 Save As You Earn Share Option Schemes

Tax relief for approved SAYE Share Option schemes was introduced in 1980. The scheme allows a company to give employees the right ('option') to buy shares in the company at an exercise price that is fixed when the option is granted. The exercise price must not be less than 80 per cent of the value of the underlying shares at that time. Participating employees can save between £5 and £250 per month under a SAYE savings contract with either a bank, building society or Relevant European institution. These contracts last for three or five years. Employees with five-year SAYE contracts may decide at the outset whether to take the proceeds after the fifth anniversary or leave the savings for another two years to earn an additional bonus. The bonus or interest earned on these savings is tax-free.

The lump sum resulting from the SAYE contract can be used to buy the shares if the employee chooses to exercise their options after 3, 5 or 7 years, depending on the terms of the contract. Employees are not obliged to exercise their options and they may not want to do so if the current share price is less than the exercise price set when the option was granted. If the option is not exercised, the employee receives the proceeds of the SAYE savings contract in the normal way.

Under an approved SAYE Share Option scheme, the employee does not pay income tax or National Insurance Contributions on the grant of options, the bonus or interest received under the SAYE contract, the benefit from being able to buy shares at a discounted price, or any increase in the market value of underlying shares between the dates on which the option was granted and exercised. Capital gains tax may be payable if shares acquired through a SAYE scheme are later sold or disposed.

The number of live SAYE plans declined to 720 in 2009-10 from 800 in 2008-09. These 720 plans (Table 6.3) were held by 600 companies (Table 6.2), indicating that some companies operated more than one SAYE scheme. In 2000-01 there had been 1,320 live SAYE plans and 1,110 companies operating a SAYE scheme.

Even though the number of live plans declined, the number of employee awards rose by 19% to 760,000 in 2009-10. The total initial value of shares over which options were granted was £3 billion, compared to £2.1 billion when it was last published in 2006-07. The average value of shares over which options were granted also rose from £3,700 in 2006-07 to £4,100 in 2009-10. (No figures were published in 2007-08 and 2008-09 due to changes in the data capturing form. The relevant form was amended for 2009-10 onwards and the required data is now being captured).

The number of employee option exercises declined by 29% to 170,000 in 2009-10 compared to the previous year. The highest number of employee option exercises was 530,000 in 2001-02 and the movement since then has generally been downward. With most plans being 3 year plans, the declining numbers of employee option exercises may reflect the stock market situation in 2009-10, especially those granted around 2006-07 whose values in 2009-10 were on average 15% lower, based on the FTSE100 index movement over that period.

The estimated cost of income tax relief rose by £10 million to £110 million in 2009-10 compared to the previous year but the cost of National Insurance Contributions relief remained unchanged at £70 million when rounded to the nearest £10 million.

4.2 Company Share Option Schemes

A new type of discretionary scheme called Company Share Option Plan (CSOP) replaced the previous Discretionary Share Option Plan (DSOP) in 1996¹. Under CSOP there is a limit of £30,000 on the value of the shares under option that may be held by an employee at any one time (taking into account the value of shares in options held under any other approved CSOP scheme). Also, options may not be offered at a discount (i.e. the exercise price must not be manifestly less than the market value of the underlying shares on the option grant date).

The number of live CSOP plans (see Table 6.4) declined from 2,150 in 2008-09 to 1,910 in 2009-10 continuing the trend seen in recent years. These 1,910 plans were held by 1,490 companies (Table 6.2), indicating that some companies operated more than one CSOP scheme. In 2000-01 there had been 5,170 live CSOP plans and 4,270 companies operated a CSOP scheme, showing a long-term decline in the number of companies operating CSOP schemes.

The number of employee option awards remained unchanged in 2009-10 at just under 40,000 compared to 2008-09. The total initial value of shares over which options were granted rose by 17% to £280 million, raising the average value of shares over which options were granted by the same percentage to £7,300 in 2009-10.

The number of employee option exercises declined to 30,000 in 2009-10 from 135,000 in 2006-07 when this data was last published (No figures were published in 2007-08 and 2008-09 due to changes in the data capturing form. The relevant form was amended for 2009-10 onwards and the required data is now being captured). The highest number of employee option exercises was 135,000 in 2006-07.

The estimated cost of CSOP income tax relief was £30 million in 2009-10 compared to £150 million in 2006-07 when it was last published. The estimated cost of National Insurance Contributions relief was £30 million, £10 million down from the last time it was published, for 2006-07. It was not possible to publish the relief costs for 2007-08 and 2008-09 due to scheme form changes.

4.3 Share Incentive Plans

Initially known as all-employee share ownership plan, SIP was introduced in Finance Act 2000 largely as a replacement for Approved Profit Sharing schemes². The plan has three key elements:

Free shares – employers can give employees up to £3,000 worth of shares each year;

Partnership shares – employees can buy up to £1,500 of shares out of pre-tax and National Insurance earnings;

Matching shares – employers can give up to 2 free shares for each partnership share bought by the employee.

¹ Statistics for DSOP and CSOP are available in the CSOP statistical tables

² A final version of the APS table produced in July 2005 is available on the HMRC website at http://www.hmrc.gov.uk/stats/emp_share_schemes/aps.pdf

All shares are held in trust on behalf of employees. When an employee leaves, all their shares come out of the plan.

Employees do not pay income tax or National Insurance Contributions on the value of the free or matching shares given to them provided they keep them in the plan for at least 5 years. If they leave, or take them out of the plan for another reason, between 3 to 5 years, there is no income tax and National Insurance charge on growth in value. If they take them out of the plan within 3 years, income tax and National Insurance is payable on the market value of the shares at the time the employee takes them out. No income tax is paid on the value of the dividends reinvested in more plan shares provided those shares stay in the plan for three or more years. No capital gains tax is payable on any increase in value while the shares are in the plan. When the shares are sold, the cost for calculating capital gains tax liability (if any) is the market value of the shares on exit from the plan and not the market value at acquisition.

The number of live SIP plans (Table 6.5) declined to 860 in 2009-10 from 890 in 2008-09. These 860 plans were held by 840 companies (Table 6.2), indicating that some companies operated more than one SIP scheme. The highest annual number of live SIP plans was 960 recorded in 2006-07 when the number of companies operating a SIP scheme also peaked at 940. The number of plans appropriating shares in 2009-10 declined to 520 from 530 in 2008-09.

The SIP scheme lists separately the numbers of employee awards or employee who purchases for each type of share though this does not distinguish between multiple and single awards in the same year. In 2009-10 the largest award type partnership shares experienced a 20% decline to 3.4 million employee share purchases. It is not possible to aggregate the various SIP award types (free shares, partnership shares, matching shares and dividend shares) as employees may hold more than type of award or may be given multiple awards of the same type in the same year.

An overall 33% decline to £650 million in total initial value of shares purchased or awarded was recorded between 2008-09 and 2009-10. This was mainly due to reductions of 66% and 14% in the initial value of free share awards and partnership share purchases respectively. The declining value of SIP shares offered by companies and those purchased by employees may reflect the economic situation faced by both companies and employees during this period. Additionally, the slower decline in the number of live plans compared to the number of employee awards and initial value of shares awarded/purchased may suggest a reduction in employee participation levels and other scheme changes by the companies operating them.

The estimated cost of income tax relief declined to £130 million in 2009-10 from £190 million in 2008-09. The estimated cost of National Insurance Contributions relief declined to £90 million from £130 million in 2008-09.

4.4 Enterprise Management Incentives

Also introduced in Finance Act 2000, EMI offers tax-advantaged share options to help small, higher risk independent trading companies recruit and retain the high calibre people they need to grow and succeed. EMI is open to qualifying companies or groups with gross assets not exceeding £30million (increased from £15million on 1 January 2002).

The main features of EMI are that:

Each employee can be granted options over shares worth up to £120,000 (£100,000 for options granted before 6th April 2008) at date of grant;

Companies can have up to £3 million of shares under EMI option at any one time;

Nil cost and discounted options can be used (though there may be tax and National Insurance implications).

EMI is restricted to companies that have fewer than 250 full-time equivalent employees at the date on which a qualifying EMI option is granted. EMI options are discretionary. Qualifying companies can choose to grant EMI options to any number of employees working for them (at a parent, or a qualifying subsidiary) whom they employ for at least 25 hours per week or 75 per cent of their working time and who have no material interest in the company.

No income tax or National Insurance is chargeable on either the grant or exercise of EMI options if: the options are exercised within 10 years of grant; the exercise price is the market value of the shares at the date the option is granted; and the company and employee qualifies for EMI throughout the period from the grant to exercise. If the option is granted at a discount, the amount of the discount is normally taxed on exercise and National Insurance may be payable.

The number of live EMI companies granting options (Table 6.6) declined by 14% to 2,190 in 2009-10 from 2,560 in 2008-09. The total number of EMI companies (Table 6.2) rose to 10,610 in 2009-10 from 10,500 in 2008-09.

The number of employees to whom options were granted declined to 16,900 in 2009-10 from 22,100 in 2008-09. The total initial value of shares over which options were granted declined by 25% to £160 million while the average value of shares over which options were granted declined by 2% to £9,200 in 2009-10.

The number of employees exercising options rose to 5,200 in 2009-10 from 5,100 in 2008-09. The highest number of employees exercising options was 8,900 recorded in 2007-08.

In 2009-10 the estimated cost of income tax relief was £90 million, unchanged compared to 2008-09 rounded to the nearest £10 million. The estimated cost of National Insurance Contributions relief was also unchanged at £40 million, when similarly rounded. Updates to the values of gains receiving tax relief have resulted in upward revisions to the estimated costs of income tax and National Insurance Contributions reliefs for prior years 2006-07 and 2007-08. For 2006-07 the estimated cost of income tax relief was revised by £60 million to £210 million while the National Insurance Contributions relief was revised by £20 million to £90 million. For 2007-08 the cost of income tax relief was revised by £40 million to £170 million while National Insurance Contributions relief was revised by £20 million to £70 million.

5 Approved Profit Sharing Scheme (not used since December 2002)

Special tax treatment for share awards to employees under APS schemes started in 1978, but was phased out following the introduction of Share Incentive Plan. No new profit sharing schemes were approved after 5 April 2001. Awards under existing schemes ceased by 31 December 2002, although employees continue to hold tax-advantaged shares from past appropriations.

6 Discretionary Share Option Schemes (not used since 1996)

Tax relief for Discretionary Share Option Schemes was introduced in 1984 and ceased in 1996, when no further options could be granted. Employees were given the right ('option') to buy shares at an exercise price fixed when the option was granted. Granting of options under these schemes was discretionary in that the company was free to decide which employees or full time directors could participate. Options did not have to be linked to any kind of savings arrangement and employees were not obliged to exercise their options. The value of options that could be held by an individual was limited to the greater of £100,000 or four times the individual's salary for the current or preceding year.

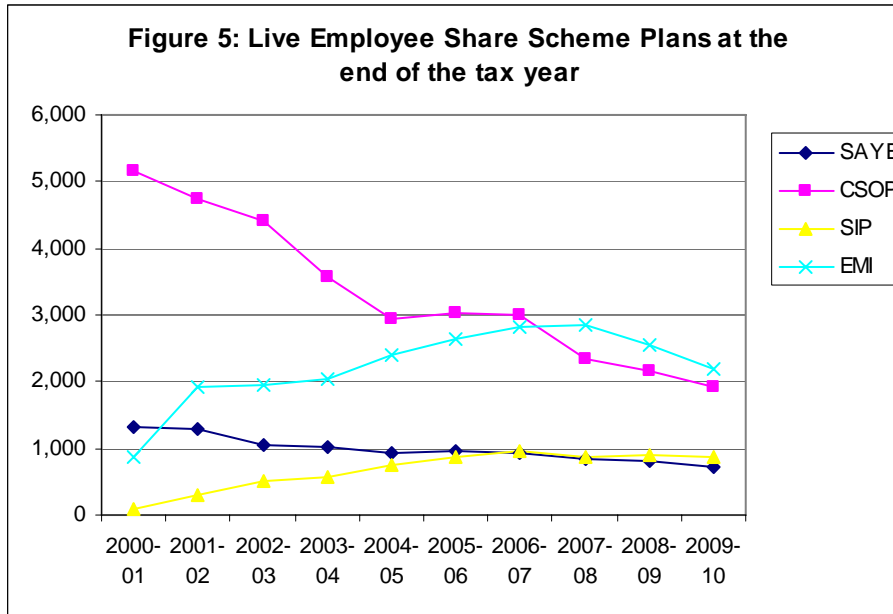
7 Transfers into an individual savings account

Employees who acquire shares from an approved all-employee share scheme (i.e. Approved Profit Sharing scheme, SAYE Share Option Scheme, or Share Incentive Plan) may transfer them directly into the stocks and shares component of an Individual Savings Account (ISA). ISA managers cannot accept shares acquired via tax-advantaged discretionary share option schemes (i.e. Discretionary and Company Share Options and Enterprise Management Incentives).

Employees' shares must be transferred into an ISA within 90 days of emerging from the scheme. The aggregate market value of the shares when transferred must be within the normal annual ISA subscription limits. There is no charge to capital gains tax on shares transferred. Prior to the introduction of ISAs, from 1992, shares acquired via approved all-employee schemes could similarly be transferred into a single company Personal Equity Plan.

8 All Employee Share Schemes analysis

Figure 5 shows the number of live plans operating at the end of each tax year. The most marked decline is in CSOP. SAYE, SIP and CSOP schemes recorded declining numbers of live plans after 2006-07. The EMI scheme though shown in the same graph does not have an equivalent measure as it records numbers of companies making grants of options instead of numbers of live schemes.



In Figure 6 the SIP scheme shows the partnership award type which records the largest number of employee share awards of either SAYE or CSOP schemes. The numbers of employee option awards under SAYE and CSOP are much smaller and show much less variation than SIP. They are also generally in decline over the 10 year period since 2000-01. The data for EMI scheme is not comparable as we count the number of employees rather than the number of awards.

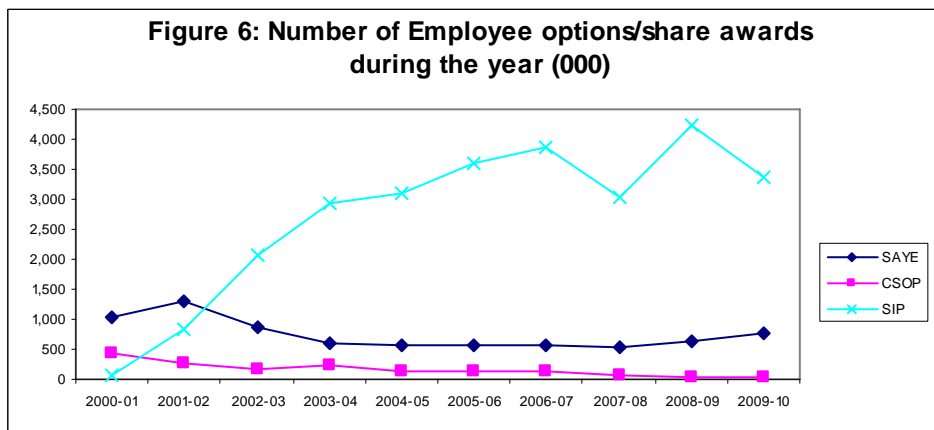
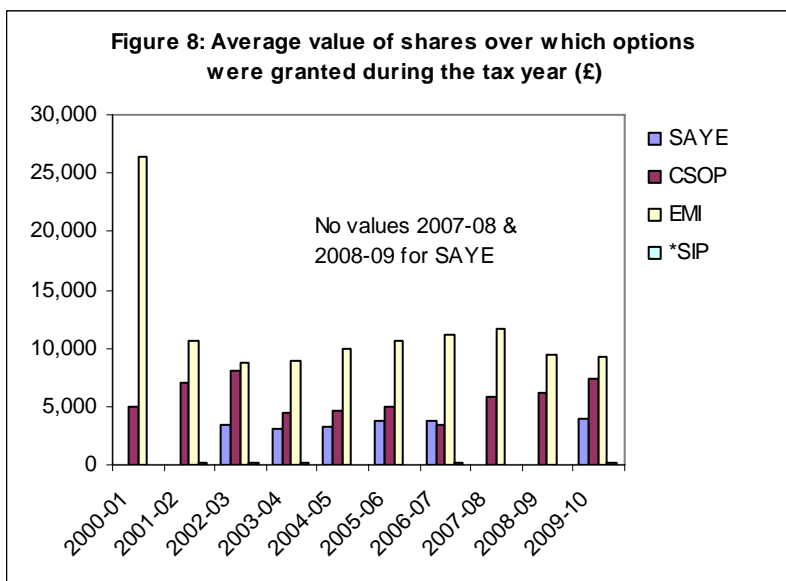
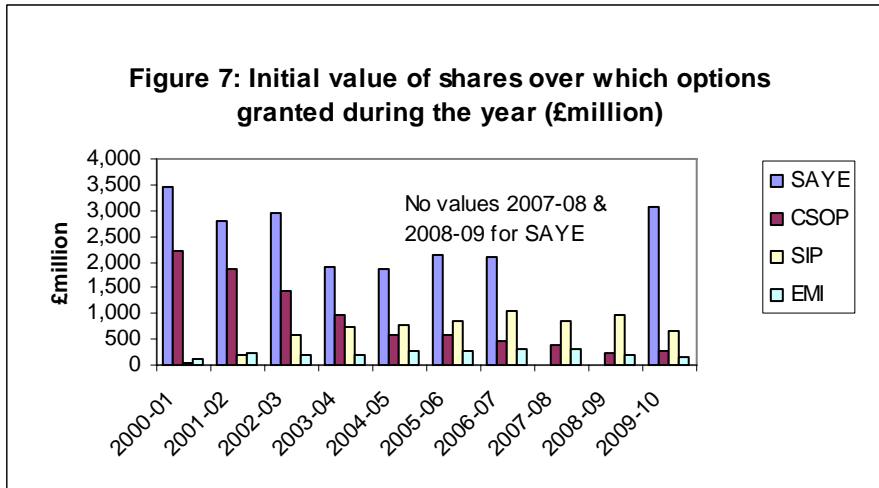
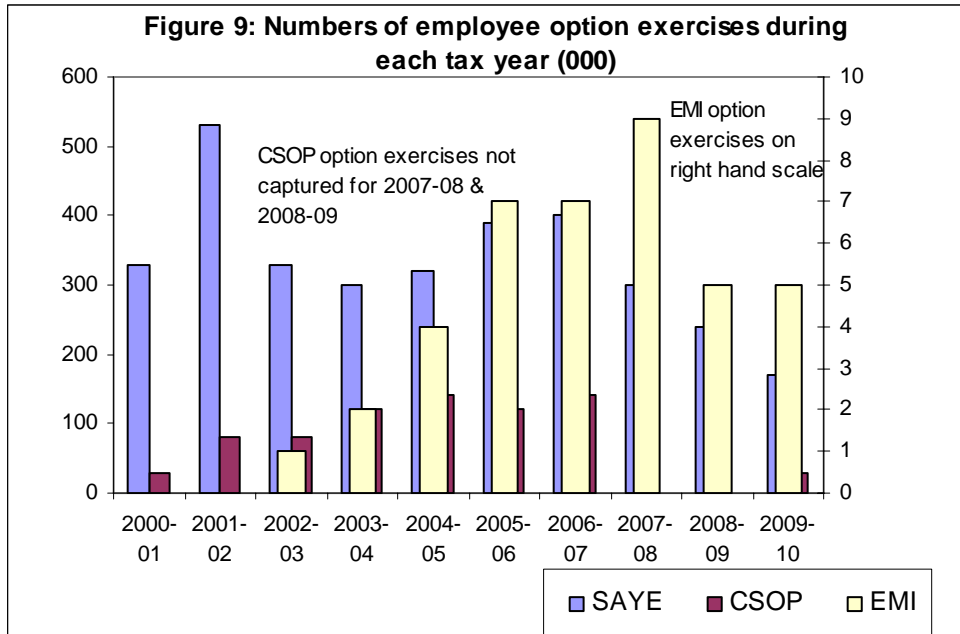


Figure 7 shows the total initial values of shares over which options were granted with the largest awards being made under SAYE in 2009-10. Figure 8 shows the corresponding average values awarded with discretionary schemes having the highest average awards. EMI retains the highest average award although there has been a significant decline in this since 2007-08. CSOP, the other discretionary scheme has the second highest average values of awards.

In 2009-10 of the various SIP award types, free shares had the largest average value at £690. Free share awards have also undergone the biggest percentage decline of 71% during that period. For the SAYE scheme it was not possible to calculate both the initial value of shares over which options were granted and the corresponding average values for 2007-08 and 2008-09 due to changes in the forms completed by the companies.



In figure 9 the numbers of employee option exercises for SAYE and CSOP fluctuated within a wide band since 2000-01. These will vary both with the number of awards that can be exercised and with the extent to which the options are “in the money” (i.e. where the value at exercise is higher than value at grant) and therefore worth exercising. The recent decline may partly be due to the economic situation. Employee option exercises are presented for CSOP, SAYE and EMI only as there is no SIP equivalent. It should be further noted that it is not possible to count the exact number of employees making exercises of options for CSOP and SAYE because of the occurrence of multiple exercises. The EMI line graph in the same Figure counts the number of employees exercising options in any one year as the EMI scheme uniquely tracks all exercises by an individual over time.



The cost of tax reliefs in Figures 10, 11 and 12 are calculated directly from tax relieved gains using average marginal income tax and marginal National Insurance Contributions rates. It was not possible to estimate the costs of income tax and NIC reliefs for CSOP for 2007-08 and 2008-09 due to changes in the form sent to companies as tax relieved gains could not be calculated for those periods.

For each scheme the estimated cost of income tax relief is higher than the estimated cost of National Insurance Contributions relief as average marginal income tax rates are higher than marginal National Insurance Contribution rates.

In 2006-07 the SAYE scheme recorded the highest combined cost of reliefs (income tax and NICs reliefs together) of £520 million (£420 million in 2005-06) followed by £340 million for SIP, £300 million for EMI and £190 million for CSOP. In 2009-10 the highest combined cost of reliefs was £210 million for SIP, £180 million for SAYE, £130 million for EMI and £100 million for CSOP. The changing shares reflect changes in the amounts of tax relieved gains for each scheme.

There has been a general downward trend in the costs of tax reliefs for all schemes after 2006-07 when they peaked, reflecting the downward movements in employee share option exercises and the stock market situation over that period.

Figure 10: Estimated annual cost of IT relief (£million)

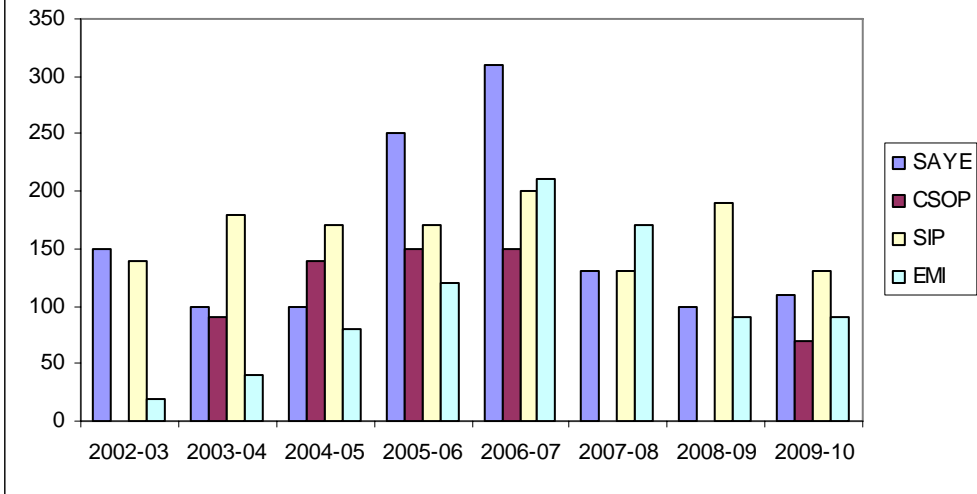


Figure 11: Estimated annual cost of NICs relief (£million)

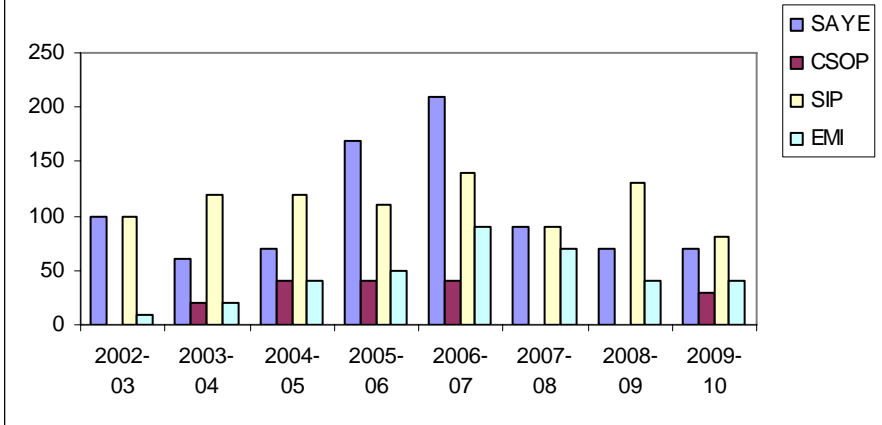
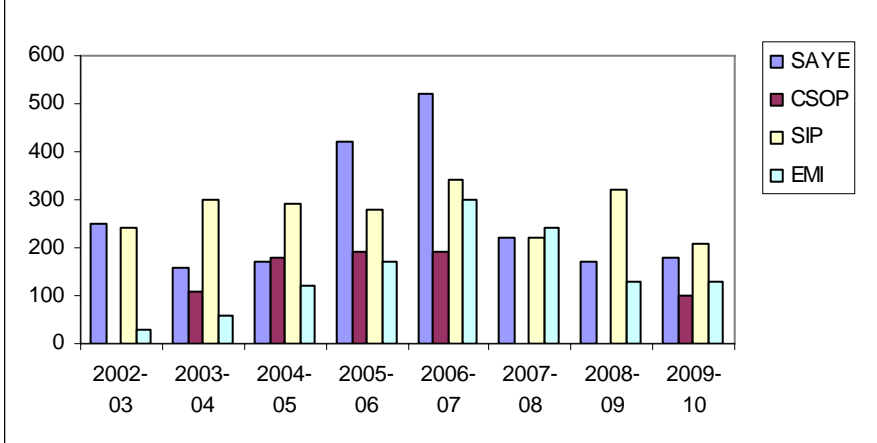


Figure 12: Estimated total cost of IT & NICs reliefs (£million)



9 Who might be interested in employee share scheme statistics?

Employee Share Scheme statistics are of interest to policy makers in government, academics, researchers and journalists, particularly those with an interest in employee share ownership and financial participation. They would also be of use to other individuals or organisations interested in the number of employees awarded shares and share options, the number of companies offering these as well as the cost to the Exchequer of providing these to employees.

Accurate estimates of the total number of employees who have participated in SAYE, CSOP or SIP schemes in any given year are not available. The data manually captured on the approved schemes from the paper returns are aggregate totals for a particular scheme in a given year. The figures recorded as numbers of employees more accurately reflect numbers of employee awards or employee exercises made. This is due to some employees simultaneously participating in more than one scheme and may also have multiple grants of options or exercises in the same scheme in the same year. Repeat awards or exercises may also be made by employees in different years and so 'numbers of employees' can also not be cumulated over the different years. The recorded totals therefore tend to overstate the actual numbers of employees awarded shares and/or options.

10 Rounding

In the published statistics the values of options granted and costs of reliefs have been rounded to the nearest £10 million while the numbers of employee grants and exercises have been rounded to the nearest 10,000. The numbers of live schemes and companies operating at the end of each financial year have been rounded to the nearest 10 plans.

11 User engagement

We are committed to providing impartial quality statistics that meet our customers' needs. We encourage our users to engage with us so we can improve our official statistics and identify gaps in the statistics that we produce. If you would like to comment on these statistics or have any enquiries on the statistics please contact the Statisticians named at the front of this [document](#).

Feedback from users is welcome at any time, and you can contact us by contacting the responsible statistician or via the feedback form on the HMRC website [here](#).

12 Publication and revision strategy

Some revisions have been made to historical statistics previously published on the Enterprise Management Incentives (EMI) scheme.

The revisions constitute data updates to this scheme, which is a 'live' database because it is updated annually where there has been new or more reliable data. The costs of reliefs for 2006-07 and 2007-08 have been revised following the provision of more updated data for those years. Small adjustments have been made to the numbers of companies that granted share options, the numbers of employees to whom options were granted, the numbers of employees exercising options and the initial value of shares over which options were granted for the period 2005-06 to 2007-08. Data has been updated from 2005/06 onwards.

We will update and revise the EMI data each year at the time of publication and the data will be liable to change at that time.

13 Methodology and data quality

The statistics for each scheme are produced from the number of live plans at tax year end, the numbers of companies granting share options, the number of employee awards and exercises and the total initial, and average, values of options granted.

Companies may have more than one share scheme of the same type and so the number of companies operating a particular scheme type tends to be less than the number of “live” plans reported.

The data used to produce the statistics is captured from statutory returns that companies are required to fill in if there have been “reportable” events during the year. Reportable events include grants of options or exercises, purchase of shares, etc. Where no activity has taken place but a company share scheme remains “live” a company submits a “Nil” return. On capturing the data on the forms a sampling formula is applied in respect of any section of the form where the number of entries exceeds the threshold of 30. The sampled section is then grossed-up to represent the entries returned by a company. There were no methodological changes to the share schemes returns in 2009-10. Some data not captured due to an error on the forms for 2007-08 and 2008-09 were resumed in 2009-10. The data on SAYE, CSOP and SIP schemes are not revised historically as only the current year’s activity is captured on the forms.

Checks are made on employee share schemes data to identify cases where data has not been made available, or where errors have occurred. In producing the statistics on employee share schemes, some data gaps are filled with estimates from stock market or alternative sources.

For SAYE, CSOP and SIP the measure used to monitor the number of schemes is the ‘number of live schemes at the end of the financial year’. A ‘live’ scheme can be defined as one that has been approved to run by HMRC and has neither ceased nor had its approval withdrawn. For EMI schemes the ‘number of companies that granted options’ is used.

The tax relief cost of the tax-advantaged schemes is estimated by calculating the taxable charge that would have been incurred had the same shares been appropriated or options exercised with no tax advantages. The cost of relief for SIP is calculated by applying an average marginal income tax rate to the value of shares appropriated to employees less the value of shares that come out of the plan without tax relief during the year. For the other schemes with tax-advantaged options, the cost of relief is calculated by multiplying the value of gains realised by employees who have exercised options during the year by an average marginal income tax rate. The cost of National Insurance Contributions (NICs) relief awarded by HMRC for the other schemes is also calculated by multiplying the value of gains realised by employees who have exercised options during the year by an the average marginal NICs rates. The estimates of income tax and NICs reliefs do not take into account any CGT that may be due on disposal of the shares.

June 2011