



Summary of the Enterprise Management Incentive (EMI) Scheme

EMI share option scheme is a way for companies to attract and retain key employees by giving them a stake in the business and the opportunity to share in the company's future wealth with minimal tax implications. This can be especially important in small start-ups and medium sized companies who do not have the financial clout to compete with larger multinational organisations.

The offer to take part in the company's future wealth can sometimes be very powerful in encouraging critical employees to stay with the company and look beyond their short term aspirations as well as serving as a motivator for growth by linking it to the performance of the company. In addition, existing shareholders would be protected from immediate dilution of the shareholdings and control.

The scheme also comes with attractive tax benefits for both the company and employees. The benefit depends on the value of the company's shares at specific points of the scheme. Understandably, both the company and employees will have to fulfil certain conditions to be eligible for the scheme.

The conditions relevant to a company are that it must:-

- Be engaged in a qualifying trade
- Not be controlled by another company
- Have fewer than 250 full time employees
- Its gross assets must not exceed £30 million.

For employees to be eligible

- They must not have material interest in the company
- Must have a contract of employment
- Are required to meet a specified minimum working time threshold

If you would like to find out more about how your business can benefit from an EMI share option scheme, please do call us on 01628 760 000 or email info@donaldreid.co.uk.

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