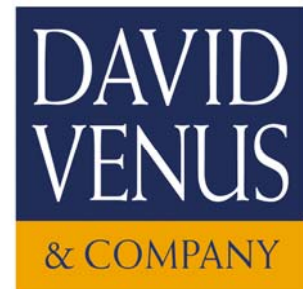


David Venus & Company

Practice Note

Employment Related Securities

All UK registered companies are required to complete and submit a form 42 to H M Revenue & Customs ("HMRC") each year if they operate unapproved share option plans or if any employees or directors have acquired employment-related securities during the year to 5 April.



HMRC has issued a comprehensive guidance booklet, available to download on the HMRC website, giving details of events that may be exempt from the reporting obligations, for example, bonus and rights issues, dividend reinvestment plans and shares acquired independently by directors or employees. The guidance also gives illustrative examples of reportable events.

If you are sent a form and no reportable events have occurred you are still required to complete and sign a zero return before the deadline date. If you do not receive a form but you have reportable events, a blank form can be downloaded from the HMRC website (details below).

An employer will normally be responsible for submitting a form in respect of its employee or director. However, where the employer company differs from the person or company which has issued or transferred the shares, that person or company may complete the form 42. Provided one completes the form, there is no further obligation on the others.

The form 42 must be filed before 7 July 2010, or if your form is issued on or after 8 June, within 30 days from the date of issue shown on the form. Although notices to file this form and other HMRC forms have the "100 Parliament Street" address all forms should be sent to the ESSU Administration office in Nottingham. The facility to file these forms online has been suspended from 1 April 2010 which means that the annual share scheme returns can only be submitted in paper format using the prescribed form, and will not be accepted on compact disc, other electronic media or any other format.

Failure to file the form before the deadline may result in penalties being imposed.

Other HMRC approved scheme annual returns which must be completed and submitted before 7 July 2010 include:

SAYE (Save As You Earn) option scheme – Form 34
CSOP (Company Share Option Plan) – Form 35

SIP (Share Incentive Plan) – Form 39
EMI (Enterprise Management Incentive) – Form 40

More information concerning these reporting obligations and copies of all prescribed forms can be found at www.hmrc.gov.uk/shareschemes.

For further information on the assistance David Venus & Company Limited can provide, contact Martin Worsley using martin.worsley@davidvenus.com

June 2010

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