



My Name is:

My Address is:

What is Relevant Tax on a Share Option?

A share option is a right granted by a company to its employees or directors to acquire shares in the company or in another company at a pre-determined price. The employee or director is not given shares outright but is given the right to acquire them at a fixed price. In some cases, the employee or director will have to pay something for the option itself.

Where a person exercises a share option and acquires shares for less than the market value, he/she is liable to income tax on the difference between the market price of the shares on the date of acquisition and the price paid, i.e. the option price. "Except in limited circumstances this provision does not apply to the exercise of share options under Revenue approved share option schemes. Further information is available in leaflet CG16, which is available on the Revenue website at www.revenue.ie."

In the case of share options exercised on or after 30 June 2003, an amount (known as Relevant Tax on a Share Option) in respect of the income tax liability must be paid to the Collector-General not later than 30 days after the date on which the share option is exercised.

Relevant Tax on a Share Option is payable on the gain (i.e. the difference between the market price of the shares and the price actually paid) and calculated at the higher rate of income tax in force when the option is exercised. If a person considers that his/her entire tax liability for the year will be chargeable at the standard rate of tax, a written application can be made to the Inspector of Taxes dealing with the person's tax affairs seeking approval to pay Relevant Tax on a Share Option at the standard rate, which must be obtained in advance of making payment at the standard rate of tax. Relevant Tax on a Share Option will be set against the individuals total income tax liability for the year.

How do I pay Relevant Tax on a Share Option?

A PAYE employee who exercises a share option and pays Relevant Tax on a Share Option will be registered as a self assessed person for the tax year in which the share option is exercised. A Return of Income will be forwarded after the end of the tax year and the Return should be completed with details of all taxable income for the tax year, Income Levy and the gain on the share option.

Meanwhile, this form is to be used for the purpose of making a Relevant Tax on a Share Option payment to the Collector-General. The completed form should be forwarded, with the payment due, to the address below. It is important that the right amount of Relevant Share Option Tax is paid and that it is paid within the 30 day deadline. Failure to do so will give rise to interest charges.

Please return this completed form, with payment, to:
Office of the Collector-General,
Sarsfield House,
Francis Street,
Limerick.

Declaration

My PPS Number is:

Date on which the share option was exercised:

D D M M Y Y Y Y

DO NOT INCLUDE INCOME LEVY IN RTSO CALCULATION

Total Amount of Gain made on Share Option:

Whole euro only - do not enter cent

Relevant Tax on a Share Option

The amounts entered are a full declaration of my gain and liability to Relevant Tax on a Share Option in respect of a share option exercised on the date indicated.

Signature:

Your 'Total Tax Liability' should equal the amount entered in the 'Amount of Gain Made on Share Option' field, multiplied by the higher rate of Income Tax, unless the Inspector of Taxes has issued confirmation to you that the liability is to be calculated at the standard rate.

Total Tax Liability:

Whole euro only - do not enter cent

Relevant Tax on a Share Option

ENQUIRIES

Any enquiry regarding liability should be addressed to the Revenue Office dealing with your tax affairs.

Any enquiry regarding payments should be directed to the Collector-General at the address shown overleaf.

METHOD OF PAYMENT

- Cheque payments should be sent, with the completed payslip, to the Collector-General at the address shown overleaf.
- All cheques must be crossed and made payable to the Collector-General.
- Always write your PPS Number on the back of your cheque.

IMPORTANCE OF PROMPT PAYMENTS

- Make sure that you allow sufficient time - at least three working days - for your payment to reach the Collector-General by the due date.
- Late payment of tax carries an interest penalty.
- Failure to pay a tax liability, or to pay on time, can result in enforced collection through the Sheriff, Court proceedings or a Notice of Attachment under Section 1002 of the Taxes Consolidation Act, 1997.

Enforcement carries additional costs to any interest penalty charged.