

Employee share schemes -

https://www.citizensinformation.ie/en/money_and_tax/tax/tax_on_savings_and_investments/employee_share_option_schemes.html

Employees can avail of certain share options from their company that may be exempt from income tax.

There are 3 main ways in which an employee can benefit from shares in the company:

- Approved Profit-Sharing Schemes
- Share Options
- Key Employee Engagement Programme (KEEP)

Generally, gains arising from various share schemes are subject to the Universal Social Charge (USC) and Pay Related Social Insurance (PRSI). Gains from share options on the KEEP programme are instead subject to Capital Gains Tax.

Approved Profit-Sharing Schemes

Approved Profit Sharing Schemes allow an employer to give an employee shares in the company up to a maximum value of €12,700 per year.

Providing the scheme meets the required conditions, you will pay no income tax on shares up to the maximum value. The employer must hold the shares for a period of time (called the "retention period") and you must not dispose of the shares before 3 years. If you dispose of the shares earlier, you are liable to pay income tax on the lower of:

- The market value of the shares when they were given to you or,
- The value of the shares at the time of sale

Approved Profit Sharing Schemes are subject to a number of conditions that should be checked with Revenue. Read more information on Revenue's website.

Share options in your employer's company

Revenue-approved savings-related share option schemes allow you to save for and buy share options in your employer's company tax effectively. You should check with Revenue and your employer what rules apply to your share options and when you are liable to pay tax.

You can read more about savings-related share option schemes in Revenue's information on approved shares schemes and in the Revenue Tax and Duty Manual information on Save as You Earn Schemes (pdf).

Key Employee Engagement Programme (KEEP)

The Key Employee Engagement Programme allows small and medium-sized enterprises (SMEs) to use share-based remuneration for key employees. It is intended to help SMEs compete with larger companies in recruiting and retaining employees.

When you exercise a qualifying share option under the KEEP programme, any gain will not be subject to income tax, PRSI or USC. The gain will be subject to Capital Gains Tax when you dispose of the shares.

This incentive was introduced for qualifying share options granted between 1 January 2018 and 31 December 2023. In Budget 2023, it was announced that the programme would be extended until 31 December 2025