



GMS Flash Alert

Global Compensation Edition

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Ireland - Share Schemes Reporting Deadline, New 2020 Electronic Reporting Requirements

With the important 31 March mandatory due date looming for the filing of 2020 returns of information for employee share participation schemes enacted in Ireland's Finance Act 2020, the Irish tax authorities ("Revenue") have established new electronic employer reporting requirements for certain share schemes.¹

WHY THIS MATTERS

The deadline is particularly important for companies whose employees and directors have participated in unapproved share options schemes, key employee engagement programme (KEEP) options, or certain Revenue-approved share participation schemes.

Failure to comply with this mandatory filing obligation can result in a monetary penalty. In the cases of Revenue-approved schemes (such as approved profit sharing schemes, employee share ownership trusts, and "save as you earn" schemes), Revenue approval of the scheme can be withdrawn, and for KEEP option schemes, the company would no longer be considered as a qualifying company.

Revenue has indicated that the deadline to file the employer returns of information for the above schemes will not be extended beyond 31 March 2021, unlike for 2019 reporting where the deadline was extended beyond 31 March 2020, due to the COVID-19 pandemic. (For related coverage, see [GMS Flash Alert 2020-120](#), 26 March 2020.)

The new electronic reporting (see below) means that employers will also be required to file returns of information for certain other share schemes for 2020 and subsequent years. This will assist Revenue in gathering significant detail on the schemes giving them much greater visibility of such schemes as operated by companies. This will also add to the administrative burden for companies in meeting their filing obligations.

Unapproved Share Options - Form RSS1

The 2020 Form RSS1 requires reporting of the grant, release, assignment, and exercise of options awarded to directors and employees only. No entry is required on Form RSS1 for awards that have been subject to pay-as-you-earn (PAYE) through payroll (including restricted and forfeitable shares and the vesting of restricted stock units). The Form RSS1 must be submitted in electronic format.

Key Employee Engagement Programme - Form KEEP 1

KEEP options are tax-favoured options granted to employees and directors of certain small and medium enterprises introduced on 1 January 2018. The 2020 Form KEEP 1, like the RSS1, is in electronic format and requires the reporting of the grant, release, assignment and exercise of KEEP options by relevant employees and directors.

Approved Profit Sharing Schemes (APSS) - Form ESS1

Employers must report details of certain events and transactions in shares held by an APSS trust. As outlined in *GMS Flash Alert 2020-039* (26 February 2020), the information return Form ESS1 must now be delivered to Revenue in an electronic format and the APSS trust must be registered for income tax, with its own tax reference number. Additional time should be factored in by employers if they need to register the trust for income tax and ensure that their tax adviser (if filing the return on their behalf) is linked as their tax agent with Revenue, in order to help ensure the Form ESS1 is filed in time.

The electronic Forms RSS1, KEEP1 and ESS1 are in a spreadsheet format which must be uploaded on the Revenue online system (ROS). Only registered ROS users may access and upload returns.

A separate 31 March 2021 mandatory filing requirement also applies to the following Revenue-approved share participation schemes:

- save as you earn options;
- employee share ownership trust transactions.

These filings continue to be in paper form.

New Employer Reporting Requirement for Certain Share Schemes

The Finance Act 2020 provides for reporting in electronic format for returns of information on share plans that until now had no prescribed format for reporting. The electronic form is not yet available but is expected to cover the following schemes:

- Restricted shares;
- Forfeitable shares;
- Convertibles shares;
- Restricted Stock Units;
- Other share awards.

KPMG NOTE

The electronic form is currently in design phase and is not yet available for usage. Revenue has confirmed its intention that the electronic filing requirement will apply for 2020 and it may extend the statutory deadline of 31 March 2021, if the electronic form has not been released in advance of this deadline.

FOOTNOTE:

1 See Section 8 of the [Finance Act 2020](#) and the compliance section of Revenue's [website](#).

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