SAYE change – full steam ahead!

On 28 February I was pleased to be able to update you on the improved and extended scope of the SAYE change to the contributions 'holiday' period. With the support and expert input of Jennifer Rudman of Equiniti and Graeme Standen of Pinsent Masons, and other members of the Tax-Advantaged Schemes Focus Group, ProShare has held several meetings with HMRC and HM Treasury to ensure that this change is implemented in the simplest and most effective way possible.

To recap, ProShare has lobbied for some time now to have the SAYE contribution break period of six months extended to 12 months, for all participants. Those of you working in-house will especially appreciate what a difference this change would make to colleagues embarking upon maternity leave, for example, who may have had no other choice but to allow valuable options to lapse where they couldn't afford to make continued contributions during their leave.

During my time managing a large SAYE scheme at a UK supermarket, I lost count of the number of times I had this type of conversation with female colleagues who'd concluded that they had to allow their options to lapse, even whilst it was 'in the money'. Other colleagues in ill health or financial difficulty faced a similar situation. I know that many of you on the plan issuer side of the fence have had similar experiences with colleagues participating in your plans.

We were therefore delighted when the Chancellor announced in the November Budget that the Government would make this change, however our delight turned to concern when confirmation on the technical details of how this change was to be implemented failed to promptly materialise. This left us in the unfortunate position where a welcome and positive change was expected but with time quickly running out to safely and successfully implement it, based on the expected timeline of April 2018.

In an answer to a written question tabled by an MP supportive of ESO and this SAYE change, on 27 February the Financial Secretary to the Treasury Mel Stride said: *"The government announced at Autumn Budget that it would extend the Save As You Earn (SAYE) contributions holiday from 6 to 12 months for those on maternity and parental leave from 6 April 2018. After receiving representations from the share plan industry, the government is delaying the implementation of this change until 1 September 2018 to allow for software changes and testing. The government will from the same date extend the SAYE contributions holiday to 12 months for all SAYE plans. This change will extend the benefit to all SAYE participants."*

This is a victory for common sense and pragmatism, and demonstrates the government's willingness to listen to our industry (especially the arguments advanced by ProShare and its members) on matters of common interest.

This announcement means that anyone joining an SAYE scheme launched over the course of this Spring and Summer, or already participating in an older scheme, can still benefit from this change when it is implemented on 1 September 2018. It also gives plan administrators the much-needed time to make their system development updates and test them thoroughly before going live with the change.

I have shared HMRC's draft guidance note and amended prospectus with you all so if you have questions, queries or points requiring clarification please let me know ASAP – I will be feeding these back to HMRC on Friday 30 March.

ProShare continues to work closely with HM Treasury and HM Revenue & Customs to support this change, representing the interests of the whole industry as well as its own members. We have an ongoing programme of meetings with MPs in Westminster, for two reasons:

1) To ensure that MPs remain aware of the benefits of employee share ownership for employees and the communities in which they live and work, plan issuer companies, administrators and adviser, and the economy and society more broadly; and
2) To contribute to and to help shape policy development on employee share ownership, whether that's in terms of improving existing schemes and supporting legislation or in terms of bringing new ideas and perspectives to the policy table and sharing our industry knowledge.

Attendees of our Focus Groups will be aware that we are currently consulting with our members on our policy change objectives for the remainder of this Parliament and we remain grateful for all comments and input – do get in touch.