

Individual Savings Account: UK ISA Consultation
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
By email: ukisaconsultation@hmtreasury.gov.uk

Dear Sirs,

Individual Savings Account: UK ISA Consultation

ProShare has been the voice of employee share ownership since 1992 when we were established by HM Government, a group of FTSE 100 companies, and the London Stock Exchange to promote wider share ownership. Today, we focus solely on helping to promote employee share ownership in the UK and ProShare is the voice of over 1,750 employee share plan practitioners and professionals, representing 150 advisers, providers, and companies, including many of the UK's largest employers.

ProShare is a part of The Chartered Governance Institute UK & Ireland, the professional body for governance, with members in all sectors and a Royal Charter purpose to lead 'effective governance and efficient administration of commerce, industry, and public affairs'. With more than 125 years' experience, we work with regulators and policy makers to champion high standards of governance and provide qualifications, training, and guidance. The Institute is the professional body that qualifies Chartered Secretaries, which includes company secretaries and governance professionals of all kinds. Our members are, therefore, well placed to understand the importance of stakeholders in organisations and, within companies, of employee share ownership.

ProShare has been publishing an annual report on the state of the tax-advantaged Save As You Earn (SAYE) and Share Incentive Plan (SIP) market in the UK for many years now. These are the UK's flagship all-employee share ownership plans and ProShare has been conducting this research, with the invaluable support of our share plan administrator members who provide the data. This data creates an unrivalled window on the SIP and SAYE market in the UK.

Many of our member companies provide employee share plans to their employees, including SIP and SAYE plans. From our members' viewpoint, one of the important features of an ISA is linked to transferring shares from SIP and SAYE plans to an ISA. HMRC information about this can be [found here](#).

Importantly, employees can transfer their employee shares up to the annual subscription limit into an ISA and do not have to pay Capital Gains Tax on any gains on those shares if they are moved to an ISA within 90 days of when they were taken out of the SIP or SAYE plan.

Our members support the introduction of the UK ISA and would like this important feature extended to it.

We have answered two of the 15 consultation questions that relate to our issuer members and this specific feature.

Consultation questions:

Question 1: Should ordinary shares in UK incorporated companies that are either listed on a UK recognised stock exchange or admitted to trading on UK recognised stock exchange be eligible for the UK ISA?

Yes.

Question 10: Are there any other design features that the government should consider at this stage?

Yes.

One of the important features of an ISA is linked to transferring shares to an ISA from the two tax-advantaged employee share plans, SIP and SAYE. HMRC information about this can be [found here](#).

Importantly, employees can transfer their employee shares up to the annual subscription limit into a stocks and shares ISA and do not have to pay Capital Gains Tax on any gains on those shares if they are moved to an ISA within 90 days of when they were taken out of the SIP or SAYE plan. The government should extend this important feature to the UK ISA so that it will have the same tax benefits as an ISA.

ProShare's annual survey on the SIP and SAYE market published in 2023 covered 1,151,755 SAYE accounts across 353 companies and 853,508 SIP participants across 415 companies. These companies include many UK companies, from small companies trading on AIM, to medium or large UK companies that are listed on the London Stock Exchange. The companies are from a large range of sectors.

Of the 353 companies included in the survey that offered SAYE, 85% were FTSE 100, FTSE 250, FTSE All Share and AIM companies. The other 15% were listed on NASDAQ, NYSE or EU exchanges or were unlisted.

Similar data covering the 415 companies included in the survey that offered SIP, shows that 53% were FTSE 100, FTSE 250, FTSE All Share and AIM companies with 47% either unlisted or traded on overseas exchanges.

This shows that extending this tax benefit to the UK ISA is relevant and will benefit UK companies and their employees.

ProShare is always keen to help with further assessment, research, evidence-gathering, and analysis of the impact of employee share ownership.

Please do not hesitate to contact us for more details or further discussion.

Yours faithfully,

Murray Tompsett

A handwritten signature in black ink, appearing to read 'Murray Tompsett', with a circular flourish at the end.

Head of ProShare