



White Paper conference

Hannah Tipper | 9 May 2017

Tax Valuations

How is HMRC approaching the valuation of growth shares and JSOP interests following the withdrawal of the PTVc service?

Agenda

The post-PTVC world

Growth shares

What is a growth share?

Historic position

How should growth shares be valued?

The post-PTVC world

The post-PTVC world

When could HMRC review the valuation?

1

Following submission of the online template, or as part of a PAYE review

2

During the self-assessment enquiry window, provided that suitable 'white space' disclosure has been made

3

During the enquiry window following the reporting of a capital gain, if adequate disclosure was not made at award

The post-PTVC world

A reminder . . .

Factor	Taken into account?
Hindsight	No
Evidence of value	Yes
Other factors	Maybe
Change in HMRC approach	Who knows....?

Contemporaneous
valuation report

Penalties

Growth shares

What is a growth share?

HMRC's view

SVM114040:

“There will be cases where the size and cost of the investment may appear small but due to the nature of the investment any prudent purchaser would require further information and ‘demand as a condition of buying’.

An example of such an investment would be where the value is wholly dependent on the company achieving a growth target and where there is some provision for an early exit. Such arrangements are commonly called ‘Growth Shares’.

Clearly in such circumstances the growth prospects are intrinsic to the investment and no sale would proceed without access to additional information such as company forecasts.”

What is a growth share?

Gearing

Typical structures

Growth
shares

JSOPs

Carried interest

Ordinary shares
in leveraged
structures

Growth shares – historic position

Guidance

Inferred guidance

Inferred methodology

SAV agreements

Change to the SAV Manual

Period of flux

2016 onwards

How should growth shares be valued?

Forward-looking methodology

Forecasts vs information standards

Does this mean big values?

Discounts

In summary

PTVCs are dead

Contemporaneous
evidence

Forward looking
methodology for
growth shares

Information
standards

Discounts

Contact information



Hannah Tipper
0121 695 5526
htipper@deloitte.co.uk



Sue Tilstone
0115 936 3739
stilstone@deloitte.co.uk



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2017 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.