

UK BUDGET 2026 UNPACKED

KEY EMPLOYEE INCENTIVES ANNOUNCEMENTS

Budget 2026 brings **three** key changes affecting how companies design and operate their employee share plans.

01 CSOP / EMI 2

CSOP is being rebranded by the Government as "EMI 2", and from 6 April 2027, the individual CSOP limit will double to £120,000, the exercise period will extend to 15 years, and CSOP options will no longer count towards an individual's EMI limit.

IMPACT



CSOP/EMI 2 could become a more credible alternative where EMI is unavailable, while allowing both plans to support businesses as they grow.

02 GREATER FLEXIBILITY FOR EMI

From 6 April 2027, the post-disqualifying event exercise window will increase to 180 days, alongside changes supporting EOT transitions and simpler grant reporting.

IMPACT



EMI should become easier to manage through corporate events, ownership changes and ongoing administration.

03 BADR LIFETIME LIMIT HALVED

From 6 April 2027, the BADR lifetime limit will reduce from £1 million to £500,000, although shares acquired through qualifying EMI options will continue to benefit from the more flexible BADR qualifying conditions, including no 5% minimum shareholding requirement.

IMPACT



The reduced limit makes BADR less valuable on exit, but its more accessible qualifying conditions remain an important advantage of EMI.

YOUR KEY CONTACTS



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Speak to our Employee Incentives team about what the changes could mean for your existing and future share plan arrangements.



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