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## EMI VALUATION SUBMISSIONS

A guide for companies and their advisors

January 2026

# EMI VALUATION SUBMISSIONS

## A guide for companies and their advisors

### Background

The purpose of this guide is to set out the requirements for submitting a valuation to HMRC's Shares and Assets Valuation department ("**SAV**") in relation to the grant of Enterprise Management Incentive ("**EMI**") options, as well as to provide some [hints and tips](#) to help expedite the process.

This document does not cover valuation methodology, which can be a complex area. If you would like to discuss your valuation approach, please contact us at [Krekar Kawani](#) or [Tommy Shaw](#), and we would be pleased to arrange a call.

### Valuation requirement

It is not a requirement of the EMI legislation for a valuation to be submitted or agreed with SAV in relation to the grant of options.

However, market practice in the UK reflects that valuation is increasingly seen as a high-risk area, particularly on tax due diligence prior to an 'exit event', the point at which many EMI options are exercised and when any tax exposure crystallises.

As the tax implications of a successfully challenged valuation can be material, it is strongly recommended that a defensible EMI valuation agreement is obtained from SAV at the time of grant.

### Timing

It is possible to agree a valuation with SAV at any time prior to grant until 12 months and 92 days following the grant date.

However, where there is a capital transaction resulting in the exercise and disposal of the option shares within this subsequent period, SAV may not agree a valuation retrospectively.

Currently, an agreement from SAV lasts for 90 days from the date of the agreement letter, provided there are no material changes in the company's circumstances prior to the options being granted that may affect the value of the shares.

Such changes could include a formal offer for the business being received, a transaction in shares, changes in the corporate structure (e.g., amendments to the capital structure of the company) or significant changes in trading or balance sheet.

### Process and disclosure

To submit an EMI valuation, it is necessary to complete form VAL231, which can be downloaded from the [HMRC website](#). We have included a [guide](#) to completing the form overleaf.

The VAL231 and any supporting documentation should be emailed to SAV at [savexternal.mailbox@hmrc.gov.uk](mailto:savexternal.mailbox@hmrc.gov.uk).

Typically, alongside the VAL231, SAV would expect to receive a valuation report (or calculation), the articles of association that contain the rights of the shares over which options are being granted, and the company's latest financial accounts.

The following submission email template may be used as a basis for submitting the valuation to SAV (double-click to open):



Submission email.msg

Once a valuation has been submitted, you should receive an automated response from the SAV mailbox to acknowledge that the submission has been received and that the team aim to respond within 10 working days.

We note that the actual response time can vary and may take significantly longer. The length of time it takes SAV to provide a response is influenced by factors including the volume of submissions they are handling at any given time and the availability of staff, e.g., due to planned holidays.

Once the submission has been allocated to a valuer, that valuer will correspond directly by phone or email provided you have agreed to using email in your submission. We have included the required wording for this agreement in the template email above.

When considering the market value of a share, HMRC considers the rights attached to the shares as set out in the articles of association.

Recent [guidance](#) from the HMRC internal manual states that SAV will not consider a valuation request until the articles of association are adopted by special resolution.

However, where EMI options are being granted as part of a transaction involving institutional investors, a copy of the draft articles of association would be acceptable, provided it is accompanied by a board resolution approving the articles.

### SAV organisational structure and contact

There are three valuation groups within SAV; VG1 (IP Team), VG2 and VG3 (Valuation Team) each headed by an Assistant Director.

Of these groups, VG2 is further broken down as follows:

- Service Delivery Team ("**SDT**"): The SDT are the first port of call for EMI valuations. They also provide general support to valuers, set up electronic files, and allocate valuation requests.
- Litigation and Technical Advice Team ("**LTAT**"): Once a valuation case has been open for a prolonged duration, it may be referred to a senior valuer within LTAT.

EMI and CSOP valuations are dealt with by SDT and VG3 valuers.

Several more senior employees within SAV are well-known in the industry and often present at events, as well as to the advisor community at a semi-annual 'SAV Valuation Forum'.

We typically advise against contacting members of the SDT other than the valuer assigned to your case to ensure streamlined communication and to prevent potential confusion or miscommunication, which can delay your valuation.

However, if there is a lack of engagement with your specific valuer or you have not received any updates from SAV for at least two weeks, it may be possible to reach out to an alternative known contact to check the progress of a specific case.

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### Completing the VAL231

The VAL231 form is essential for obtaining a valuation agreement from SAV in relation to the grant of EMI options.

A copy of the template form can be found [here](#).

The VAL231 requires details relating to the company, its capital structure, the EMI grant, the proposed values for the option shares and any external events that may impact the valuation (such as a sale or flotation of the company).

The form is the first point of contact for the HMRC review process. SAV will use the information provided in this form to determine the risk profile of the valuation and, therefore, the level of scrutiny and review that will be applied to the submission.

It is therefore essential that full and accurate disclosure is included in the VAL231 to avoid the valuation being mis-categorised by SAV as 'low risk' and given a less rigorous review, which may increase the risk of future challenge, e.g., on due diligence.

To assist you in completing the VAL231 form in relation to your EMI option grant, we have prepared a set of guidance notes on this and the following pages.

These notes are designed to help clarify the necessary steps and provide detailed instructions on how to accurately fill out the form.

We have also included a screenshot of a completed VAL231 form. This example will give you a clear idea of what information is required in each section of the form, ensuring you complete it correctly and efficiently.

The screenshot shows the 'Company details' section of the VAL231 form. At the top left is the HM Revenue & Customs logo. To the right of the logo is the text 'Request for a share valuation'. Below the logo is a progress bar. The main section is titled '1 Company details' and contains several fields and questions:

- The name of the company whose shares are the subject of the option:** ABC Limited
- The company's registration number:** 12937725
- Do you know the country of registration?** Yes (selected), No
- Country of registration:** United Kingdom
- Do you know the company's HM Revenue and Customs office and reference?** Yes (selected), No
- Company's HM Revenue and Customs office and reference:** 123PX00123456

At the bottom of the form are 'Back' and 'Next' buttons. The version number 'VAL231 v1.2' is visible at the bottom left of the page.

### 1 Company details:

This section requests details of the company over whose shares EMI options are being granted.

This includes the full legal name, company registration number ("**CRN**"), country of registration, and the company's HMRC office and reference (this is a 13-character reference and should be quoted on correspondence from HMRC regarding PAYE, and when the company registered as an employer).

SAV will use the CRN as a unique identifier for the purposes of allocating EMI valuations to a specific valuer.

Each company has its own unique reference number and all valuations relating to the company are filed under the same CRN.

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Request for a share valuation

Progress:

### 2 Contact details

Full name

Address  
Is this address in the UK?  
 Yes  
 No

Line 1

Line 2

Line 3 (optional)

Postcode

Telephone number

VAL231 v1.2



Request for a share valuation

Progress:

### 3 Request for a share valuation

Class of share, for example, ordinary

What is the currency of your share values?

Nominal value per share  
£

The event for which you want the valuation, for example, the grant of EMI options

The date for which you want the valuation  
DD MM YYYY

Were the options actually granted to employees on this date?  
 Yes  
 No

Total number of shares on which options are to be/have been granted

Proposed **VALUE PER SHARE**, subject to restrictions or risk of forfeiture. Actual Market Value (AMV)  
£

Proposed **VALUE PER SHARE**, without taking those restrictions or risk of forfeiture into account. Initial Unrestricted Market Value (IUMV)  
£

Price **PER SHARE** which the options will be exercised  
£

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### 2 Contact details:

This section requires details of the person SAV should contact regarding the valuation submission.

This should be the contact details of the individual who has prepared the valuation and is dealing with the valuation submission.


Where an advisor has been appointed to prepare and submit the valuation then the details of that advisor should be included rather than a company employee.

### 3 Request for a share valuation:

- Class of share: specify the description of the share class for which you are requesting a valuation agreement (e.g., 'A ordinary', 'B ordinary', etc.). Where you require a valuation of multiple share classes, we recommend that you complete a separate VAL231 form in respect of each class.
- Currency: the currency used to value the shares (e.g., GBP). This may not be the same as the reporting currency.
- Nominal value per share: as per the articles of association.
- Event for valuation: 'the grant of EMI options'.
- Valuation date and whether the options were granted on that date: this should be the grant date if the options have already been granted, or the date of the VAL231 submission where the options have not yet been granted.
- Number of option shares: specify the aggregate number of shares over which options are being granted.
- AMV: the 'Actual Market Value' per share, i.e., reflecting any restrictions on the shares (e.g., transfer restrictions or forfeiture provisions).
- IUMV: the 'Initial Unrestricted Market Value' per share, calculated without consideration of any restrictions.
- Exercise price per share: the price to be paid for each option share by the employees to exercise the EMI options.

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Request for a share valuation

Progress:

### 4 Other details we need

To support your proposed valuation, you should also provide the information listed below.

Do you have a valuation report?

Yes  
 No

Please include a copy of any valuation reports you have.

Have any shares been allotted since the date of the last accounts?

Yes  
 No

Please include particulars of the date and price per share and the number of shares issued.

On 23 October 2025, ABC Limited issued 250 B ordinary shares to a new joiner in the firm. The B Shares were subscribed for by the employee at £5.00 per share

Have there been any transactions in the shares of the company within one year of the date(s) of valuation?

Yes  
 No

Please include particulars of:

- the date each transaction occurred
- the number of shares sold
- the price paid per share
- whether the sales were made at arm's length

On 03 January 2026, ABC Limited raised £2.5 million from external investors in an arm's length transaction that was negotiated on commercial terms. XYZ Investors LLP subscribed for Preferred ordinary shares at a price of £10.00 per share.


Have any dividends been paid or declared after the date of the last accounts?

Yes  
 No

Please include particulars of the date(s) of payment or declaration and the amount(s) per share.

ABC Limited declared a dividend of £500,000, paid to the holders of the A ordinary shares

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Request for a share valuation

Progress:

### 5 Exit route

Is there a prospect that there will be an opportunity for shares to be sold or exchanged?

Yes  
 No

Please give details below

ABC Limited is actively exploring the possibility of a sale of the business within the next 1 to 3 years. The company has engaged corporate finance advisors to gauge interest in the market and navigate potential sale strategies. As of the date of submitting this form, no formal or informal offers have been received for the business.

Or is there a prospect of a flotation or other marketing event?

Yes  
 No

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### 4 Other details we need:

- Valuation report: indicate if a report was prepared, in which case attach a copy to the submission email.
- Transactions in shares: indicate whether any share transactions have occurred since the last accounts. Provide details relating to any transactions, including a description of the event, the share class, the number of shares transferred, and the price at which the shares transacted.
- Dividends: confirm if any dividends have been paid or declared since the last accounts and provide full details.

### 5 Exit route:

- This section is very important in the review process and will influence how SAV assesses the risk profile of your valuation submission (i.e., low risk or high risk).
- We are increasingly seeing valuation agreements being challenged on due diligence when the 'Exit route' question is answered 'no', and an exit occurs within a short timeframe, typically up to 18 months following the valuation date. Such an event can suggest that the submission did not flag the prospect of a sale, and therefore that SAV did not have sufficient information to critically assess the valuation.
- To reduce the risk of challenge, it is recommended that you mark 'Yes' in this section if there is even a remote prospect of an exit as at the valuation date. The term 'prospect' encompasses not only having an offer from a potential buyer but also preliminary actions that may lead to a sale. This could include engaging with corporate finance advisors to explore a sale, or having 'fireside' discussions regarding a possible sale, even if a formal sale process has not yet been initiated.

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Progress:

### 6 Other information

Can you give us any other information that you consider relevant to your valuation. This should include all of the following:

- any background information that will help us to understand the nature of the company's trade and circumstances
- any change to the company's share or loan capital which, at the occasion for valuation, is
  - completed or actively contemplated
  - not apparent from the other information you have given us

- Yes  
 No

Other information

ABC Limited has recently undertaken a series of share issuances. Due to administrative delays, these issuances have not yet been accurately reflected in the public records at Companies House. We are currently in the process of rectifying the official entries to ensure they mirror the actual and up-to-date share capital position detailed in the report.

Are the contact details entered earlier on this form for the company's agent?

- Yes  
 No

VAL231 v1.2



Request for a share valuation

Progress:

### 7 Declaration

- I confirm that the information I have given is correct and that I am authorised to act and agree values on behalf of the company

When you have printed the form, please sign and date it in the appropriate boxes.

Name

Krekar Kawani

VAL231 v1.2

**6 Other information:** Consider including any details that could give SAV a clearer understanding of the company's financial and operational circumstances that are not already apparent in the application or the accounts. Include any potential discrepancies that may exist between the information you present in your valuation report and that which is presented at Companies House.

**7 Declaration:** Confirmation that the information provided is correct and that the person is authorised to act on behalf of the company. The VAL231 form will need to be dated and signed by the authorised individual before submission.

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### Hints and tips

We have set out a list of handy hints and tips that may expedite your valuation process.

- **Timing:** The valuation agreement can take significantly longer than the 10-day target from HMRC, particularly if they have questions about the valuation, so prioritise the valuation as part of the EMI grant process.
- **Attachments:** When submitting your valuation, ensure you include all necessary documents. These should include the completed and signed VAL231 form, the valuation report or calculation, the latest articles of association, and the most recent statutory or management accounts. Providing all these enclosures together ensures that SAV have all the required documentation immediately available, minimising the likelihood of further requests or additional communication.
- **Completeness:** The valuation should be sufficiently detailed to minimise questions from SAV. As a minimum, it should include:
  - A summary of the **corporate background** (e.g., company timeline), historical trading performance, details of any previous transactions in shares, and the expected future direction of the business should be set out for SAV to consider.
  - A **description of the shares** to be granted under EMI, including provision of the articles of association and a fully-diluted capitalisation table that illustrates the expected shareholding structure after a future exercise of outstanding options.
  - A clear explanation of the chosen **methodology** (e.g., market approach, expected returns methodology, option pricing, etc.), and the rationale as to why this approach was adopted.
  - A list setting out all **inputs** to the valuation calculation and a description as to how these were determined. SAV will focus on the most subjective assumptions (e.g., multiples, discounts, etc.) so to avoid lengthy discussions, a fulsome description as to how these were determined, including evidence of any market benchmarks, should speed up the agreement.
- **Supportability:** SAV may consider several cross-checks when assessing the appropriateness of a valuation. Including these within the submission will illustrate that you have performed a supportable valuation and should avoid further questions.
- **Defensibility:** Even if SAV provide an agreement letter, there is a risk of challenge on a future due diligence of the company (e.g., prior to an 'exit event'). To reduce the risk of future challenges, the following steps are advisable:
  - Ensure the **methodology** is appropriate. When selecting a valuation methodology for shares, it is important to choose a method that aligns with the type of shares being assessed. For instance, when valuing growth shares or highly leveraged instruments, methodologies like the expected returns approach or the option pricing methodology are recommended. These approaches take into account the unique characteristics and future performance expectations of such shares, ensuring the valuation is both accurate and defensible.
  - Provide full **disclosure** to SAV. Any events or factors that might be relevant should be disclosed. A major cause of challenge of EMI option valuations is where SAV were not made aware of all the facts (e.g., the potential for a transaction to occur).
  - If in doubt, where you have started taking active steps towards a potential exit, tick 'Yes' in the **'Exit route'** box to flag your valuation as higher risk to SAV. This will ensure a more rigorous review by HMRC and will provide further evidence on a future due diligence that the valuation has been assessed as acceptable. However, note that this will delay the valuation agreement from SAV.
  - Consider the approach adopted in the EMI valuation when performing **other valuations** of shares in the company (e.g., for subsequent employment related securities transactions). Where there are conflicting valuations or assumptions used within a short period of time it could increase the risk of challenge as to the appropriateness of the valuation agreed with SAV.

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