GUIDE TO GOING GLOBAL
GLOBAL EQUITY

Full Handbook
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INTRODUCTION


GUIDE TO GOING GLOBAL SERIES

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics companies need to know. The Guide to Going Global series reviews business-relevant corporate, employment, intellectual property and technology, and tax laws in key jurisdictions around the world.

GLOBAL EQUITY

Our philosophy for providing services to our clients can best be described as a partnership. We strive to provide our clients with a solutions-oriented approach to address their current and future legal needs. Specifically, we analyze each project from a risk and cost-benefit standpoint. We also advise our clients of current best practices and keep them apprised of any legal, cultural, and business changes that may affect their programs. We hope that you find the information in this guide useful for the implementation of your company’s equity compensation programs. In preparing the guide, we have made several assumptions about the stock awards that may or may not be applicable to your company. The assumptions include: (i) the local entity is a wholly-owned subsidiary of the issuing company; and (ii) the participants are employees of the local entity or the issuing company.

In addition, you should be aware that the information provided in the guide is presented in a general format and is not a comprehensive summary of all the tax and regulatory issues that may be applicable to your company’s specific circumstances (i.e., plan design, corporate governance, tax practices and administration). Furthermore, the laws and regulations applicable to stock awards are constantly changing. These changes may not be incorporated into this version of the guide. With these factors in mind, it is important that you do not consider this guide to be legal advice and do not rely solely on the information provided when implementing an equity award plan abroad. We would be pleased to help you review all pertinent information and can assist you in developing a comprehensive strategy to offer an equity award plan globally.

We hope that you find this guide valuable and we welcome your feedback.

This publication is provided to you as a courtesy, and it does not establish a client relationship between DLA Piper and you, or any other person or entity that receives it.

This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that global equity law is dynamic, and the legal regime in the countries surveyed could change.
ARGENTINA

Last modified 30 June 2020

RESTRICTED STOCK AND RSUS

Securities

As long as:

- The offer is not advertised or publicized
- The stock is not traded in Argentina
- The offer is limited to employees
- The offer is intended to compensate employees and not to raise capital, no securities law requirements apply

Foreign exchange

Since September 1, 2019, the Argentine government reenacted FX controls and regulations. These FX regulations are applicable to certain operations. Notwithstanding there are no foreign exchange restrictions applicable to restricted stock or RSUs, local employees may face difficulties in purchasing the foreign currency if the options are in foreign currency, or to transfer money abroad.

Tax

Employee

The employee is taxed on restricted stock upon grant and on RSUs upon vesting (may include personal assets tax).

The employee is subject to a flat tax of 15 percent on any net gain resulting from the sale of the shares by Argentine Tax residents, or, alternatively, 13.5 percent on the gross sale price by non-residents.

Employer

Withholding & reporting
Tax withholding and reporting are required upon grant for restricted stock and upon vesting of RSUs.

*Deduction*

Argentine subsidiaries are allowed to deduct the amount reimbursed to the parent company for the cost of the benefits if a Reimbursement or Recharge Agreement is in place.

*Social insurance*

Social insurance contributions are generally payable by the employee and employer.

*Data protection*

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer also is required to register any database that includes an employee's personal data with the Argentine privacy authorities.

*Labor*

Benefits received from restricted stock or RSUs may be considered part of the employment relationship and included in a severance payment if the awards are repeatedly granted to an employee. Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her award. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock or RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary.

*Communications*

Although plan materials are not required to be translated into Spanish, it is recommended, to ensure that employees understand the terms of their awards. Award materials should be addressed to individual employees in order to avoid securities law requirements.

**STOCK OPTIONS**

*Securities*

As long as:

- The offer is not advertised or publicized
- The stock is not traded in Argentina
- The offer is limited to employees
- The offer is intended to compensate employees and not to raise capital, no securities law requirements apply
Foreign exchange

Since September 1, 2019, the Argentine government reenacted FX controls and regulations. These FX regulations are applicable to certain operations. Notwithstanding there are no foreign exchange restrictions applicable to restricted stock or RSUs, local employees may face difficulties in purchasing the foreign currency if the options are in foreign currency, or to transfer money abroad.

Tax

Employee

The employee is taxed on the spread upon exercise (including personal assets tax, if applicable).

The employee is subject to a flat tax of 15 percent on any net gain resulting from the sale of the shares by Argentine Tax residents, or alternatively 13.5 percent on the gross sale price by non-residents.

Employer

Withholding & reporting

Tax withholding and reporting are required upon exercise.

Deduction

Argentine subsidiaries are allowed to deduct the amount reimbursed to the parent company for the cost of the benefits if a Reimbursement or Recharge Agreement is in place.

Social insurance

Social insurance contributions are generally payable by the employee and employer when an option is exercised.

Data protection

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is also required to register any database that includes an employee's personal data with the Argentine privacy authorities.

Labor

Benefits received from an option may be considered part of the employment relationship and included in a severance payment if options are repeatedly granted to an employee. Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications
Although plan materials are not required to be translated into Spanish, it is recommended, to ensure that employees understand the terms of their awards. Award materials should be addressed to individual employees in order to avoid securities law requirements.

**STOCK PURCHASE RIGHTS**

**Securities**

As long as:

- The offer is not advertised or publicized
- The stock is not traded in Argentina
- The offer is limited to employees
- The offer is intended to compensate employees and not to raise capital, no securities law requirements apply

**Foreign exchange**

Since September 1, 2019, the Argentine government reenacted FX controls and regulations. These FX regulations are applicable to certain operations. Notwithstanding there are no foreign exchange restrictions applicable to restricted stock or RSUs, local employees may face difficulties in purchasing the foreign currency if the options are in foreign currency, or to transfer money abroad.

**Tax**

**Employee**

The employee is taxed on the spread upon purchase.

The employee is subject to a flat tax of 15 percent on any net gain resulting from the sale of the shares by Argentine Tax residents, or, alternatively, 13.5 percent on the gross sale price for non-residents.

**Employer**

**Withholding & reporting**

Tax withholding and reporting are required upon purchase.

**Deduction**

Argentine subsidiaries are allowed to deduct the amount reimbursed to the parent company for the cost of the benefits if a Reimbursement or Recharge Agreement is in place.

**Social insurance**
Social insurance contributions are generally payable by the employee and employer when the shares are purchased.

**Data protection**

Obtaining an employee’s written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. The employer also is required to register any database that includes an employee’s personal data with the Argentine privacy authorities.

Benefits received from a purchase right may be considered part of the employment relationship and included in a severance payment if purchase rights are repeatedly granted to an employee. Upon involuntary termination of employment, an employee may be entitled to continued participation in the plan. In order to reduce the risk of employee claims, the offer document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

In light of restrictions on payroll deductions, alternative arrangements may be necessary for contributions to the plan.

**Labor**

Not applicable.

**Communications**

Although plan materials are not required to be translated into Spanish, it is recommended, to ensure that employees understand the terms of their awards. Award materials should be addressed to individual employees in order to avoid securities law requirements.

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AUSTRALIA

RESTRICTED STOCK AND RSUS

Securities

The grant of restricted stock and RSUs may trigger registration and disclosure requirements unless an exemption applies or specific relief is obtained. In addition to statutory exemptions from disclosure requirements, specific class order relief (Class Order 14/1000 for listed companies and Class Order 14/1001 for unlisted companies) may be able to be relied upon. Where class order relief is relied upon, a filing must be made with the corporate regulator.

Foreign exchange

Aside from reporting requirements applicable to transfers in excess of AUD10,000 which are normally handled by the relevant financial institution, restricted stock and RSUs generally are not subject to foreign exchange restrictions.

Tax

Employee

Generally, an employee is taxed on the spread upon purchase of restricted stock and the spread upon vesting/exercise on RSUs.

Restricted stock is generally subject to income tax upon the earlier of vesting, termination of employment or 15 years from grant.

Broadly speaking, RSUs are treated, for taxed purposes, like options. Employees may defer the tax payable until termination of employment or 15 years from grant, provided certain conditions are met.

Upon sale, generally only 50 percent of the capital gain is taxed if the shares are held by the employee (not through a company) for at least 12 months.

In addition, beneficial tax treatment is available for startup companies meeting certain requirements. Where the requirements are met, the employee will only pay tax on the capital gain on the sale of the shares.
Restricted stock and RSUs granted between July 1, 2009 and July 1, 2015 are subject to a different tax regime.

**Employer**

**Withholding & reporting**

Tax withholding is not required unless the employee does not provide their employee tax file number.

The employer is required to report income received by an employee from restricted stock and RSUs to both the employee and the Australian tax authority, and the employee is required to report such income on their annual tax return.

Benefits received by employees in some Australian states may be included in the determination of employer payroll tax.

**Deduction**

Reimbursement made to the parent company for the cost of the benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

**Social insurance**

A Medicare levy is payable by the employee on restricted stock and RSUs. An additional Medicare levy surcharge may also be imposed on an employee.

**Data protection**

Obtaining an employee’s written consent for the processing and transfer of their personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is required to ensure that an employee’s tax file number and other personal data are used only for the purpose agreed upon in writing by the employee.

**Labor**

Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to their award depending on the terms of the award. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that the vesting of restricted stock or RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

**Translation**

There are no translation requirements. Any filing with the government must be in English.

**Electronic communication**
It is permissible to execute award agreements electronically.

**STOCK OPTIONS**

**Securities**

The grant of stock options may trigger registration and disclosure requirements unless an exemption applies or specific relief is obtained. In addition to statutory exemptions from disclosure requirements, specific class order relief (Class Order 14/1000 for listed companies and Class Order 14/1001 for unlisted companies) may be able to be relied upon. Where class order relief is relied upon, a filing must be made with the corporate regulator.

**Foreign exchange**

Aside from reporting requirements applicable to transfers in excess of AUD10,000 which are normally handled by the relevant financial institution, there generally are no foreign exchange control requirements applicable to options.

**Tax**

**Employee**

For options granted after July 1, 2015, generally an employee is subject to income tax on the spread upon exercise of the options, on grant. However, employees may defer the income tax for up to 15 years provided certain conditions (eg, a real risk of forfeiture) are met.

Generally, the most common time for tax to be deferred until is the exercise of the options. However, where the shares issued on exercise of such options are subject to genuine disposal restrictions, income tax will be further deferred until those restrictions cease.

Where an employee ceases employment and the employee does not forfeit the option as a result, termination of employment will also be an earlier taxing event.

Upon sale, generally only 50 percent of the capital gain is taxed if the shares are held by the employee (not through a company) for at least 12 months.

In addition, beneficial tax treatment is available for startup companies meeting certain requirements.

Where options are granted to eligible employees, for "startup treatment" to apply, certain conditions for tax deferral must be met.

In those circumstances, the employee will only pay tax on the capital gain on the sale of the share issued on exercise.

Options granted between July 1, 2009 and July 1, 2015 are subject to a different tax regime.

**Employer**
**Withholding & reporting**

Tax withholding is not required unless the employee does not provide their tax file number to the employer.

The employer is required to report income received by an employee from an option to both the employee and to the Australian tax authority, and the employee is required to report such income on their annual tax return.

Option benefits received by employees in some Australian states may be included in the determination of employer payroll tax.

**Deduction**

Reimbursement made to the parent company for the cost of the option benefits (eg, the spread), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

**Social insurance**

A Medicare levy is payable by the employee when an option is subject to income tax. An additional Medicare levy surcharge may also be imposed on an employee.

**Data protection**

Obtaining an employee's written consent for the processing and transfer of their personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is required to ensure that an employee’s tax file number and other personal data are used only for the purpose agreed upon in writing by the employee.

**Labor**

Upon involuntary termination of employment, an employee may be entitled to continued vesting and other rights with respect to their option depending upon the terms of grant. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that the vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

**Translation**

There are no translation requirements. Any filing with the government must be in English.

**Electronic communication**

It is permissible to execute award agreements electronically.

**STOCK PURCHASE RIGHTS**

**Securities**
The grant of purchase rights may trigger registration and disclosure requirements unless an exemption applies or specific relief is obtained. In addition to statutory exemptions from disclosure requirements, specific class order relief (Class Order 14/1000 for listed companies and Class Order 14/1001 for unlisted companies) may be able to be relied upon. Where class order relief is relied upon, a filing must be made with the corporate regulator and payroll deductions collected from the employees must be held in a segregated bank account with an approved bank.

**Foreign exchange**

Aside from reporting requirements applicable to transfers in excess of AUD10,000, which are normally handled by the relevant financial institution, there generally are no foreign exchange control requirements applicable to purchase rights.

**Tax**

**Employee**

Generally, an employee is taxed on the spread upon purchase.

Upon sale, generally only 50 percent of the capital gain is taxed if the shares are held by the employee (not through a company) for at least 12 months.

**Employer**

**Withholding & reporting**

Tax withholding is not required unless the employee does not provide their tax file number.

The employer is required to report income received by an employee from a purchase right to both the employee and the Australian tax authority and the employee is required to report such income on their annual tax return.

Purchase right benefits received by employees in some Australian states may be included in the determination of employer payroll tax

**Deduction**

Reimbursement made to the parent company for the cost of the benefits (ie, the discount at the time of purchase), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

**Social insurance**

A Medicare levy is payable by the employee when the purchase right is subject to income tax. An additional Medicare levy surcharge may also be imposed on an employee.

**Data protection**

Obtaining an employee's written consent for the processing and transfer of their personal data is the most common approach to comply with certain aspects of data protection requirements. The employer is required to
ensure that an employee’s tax file number and other personal data are used only for the purpose agreed upon in writing by the employee.

_Labor_

Generally, payroll deductions must be held in a separate bank account.

Upon involuntary termination of employment, an employee may be entitled to continued participation and other rights with respect to their purchase right depending upon the terms of participation. In order to reduce the risk of employee claims, the offer document signed by an employee should provide, among other things, that participation ceases upon termination of employment, and that the plan and any awards under it are discretionary.

_Communications_

_Translation_

There are no translation requirements. Any filing with the government must be in English.

_Electronic communication_

It is permissible to execute offer documents and enrollment forms electronically.

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Austrian law. In general, a prospectus will be required for an offering of transferable securities unless an exemption or exclusion applies. As long as no consideration is paid by the employee for the restricted stock or RSUs, the award should be exempt from prospectus requirements (e.g., 150-person exemption; possible other exemptions). However, non-transferable free offers of restricted stock or RSUs are not considered “transferable securities” subject to the EU Prospectus Directive.

Foreign exchange

Reporting to the Austrian National Bank is required under certain circumstances.

Tax

Employee

Benefits from restricted stock are taxed upon grant. RSUs are taxed upon vesting.

Shares acquired before January 1, 2011: gains from the sale of shares held more than 12 months generally are not taxed. If the shares were held less than 12 months gains are taxed.

Gains from the sale of shares acquired on or after January 1, 2011 are subject to tax irrespective of the holding period.

Employer

Withholding & reporting

Tax withholding and reporting are required.

Deduction
Reimbursement of the parent company for the cost of the benefit pursuant to a written reimbursement agreement should enable the subsidiary to deduct such cost from its income taxes.

**Tax-favored**

In case of a direct participation in the company and economic ownership of the employee (not only by means of a funds) preferential tax treatment may apply if certain requirements are met.

**Social insurance**

Social insurance contributions are payable on restricted stock and RSUs, subject to a cap. Withholding is required.

**Data protection**

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. Strict rules apply to data transfer outside the EEA.

**Labor**

Benefits received from restricted stock and RSUs may be considered part of the employment relationship and included in a severance payment if restricted stock and RSUs are regularly granted to an employee. Upon termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her award. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs. If the Austrian employer has a works council, prior notice should be given before an offer is made.

**Communications**

Although plan materials are not required to be translated, translation is required for any government filing and is recommended to ensure that employees understand the terms of their awards.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Directive has been implemented into Austrian law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption or other exemptions). However, non-transferable free offers of restricted stock or RSUs are not considered "transferable securities" subject to the EU Prospectus Directive.

**Foreign exchange**

Reporting to the Austrian National Bank is required under certain circumstances.
**Tax**

**Employee**

Generally, the employee is taxed on the spread (difference between exercise price at discount and market values) upon exercise.

Gains from the sale of shares acquired before January 1, 2011: if shares were held more than 12 months, generally gains are not taxable; if shares held less than 12 months gains are taxable.

Gains from the sale of shares acquired on or after January 1, 2011 are subject to tax irrespective of the holding period.

**Employer**

**Withholding & reporting**

Tax withholding and reporting are required upon exercise.

**Deduction**

Reimbursement of the parent company for the cost of the benefit (e.g., the spread) pursuant to a written reimbursement agreement should enable the subsidiary to deduct such cost from its income taxes.

**Tax-favored**

A preferential tax treatment for the benefits out of the granting itself is possible if certain circumstances are met.

**Social insurance**

Social insurance contributions are payable on the spread and are subject to a cap. Withholding is required.

**Data protection**

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. Strict rules apply to data transfer outside the EEA.

**Labor**

Benefits received from an option may be considered part of the employment relationship and included in a severance payment if options are regularly granted to an employee. Upon termination of employment, an employee may be entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

If the Austrian employer has a works council, prior notice should be given to the council before an offer is made.
Communications

Although plan materials are not required to be translated, translation is required for any government filing, and is recommended to ensure that employees understand the terms of their awards.

STOCK PURCHASE RIGHTS

Securities

The EU Prospectus Directive has been implemented into Austrian law. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption or other exemptions).

Foreign exchange

Reporting to the Austrian National Bank is required under certain circumstances.

Tax

Employee

Generally, the benefit upon purchase is subject to tax (being the difference between the reduced purchase price and the market value).

Shares acquired before January 1, 2011: gains from the sale of shares held more than 12 months generally are not taxed. If the shares were held less than 12 months, gains are taxed.

Gains from the sale of shares acquired on or after January 1, 2011 are subject to tax irrespective of the holding period.

Employer

Withholding & reporting

Tax withholding and reporting, especially the proof of the holding period, are required.

Deduction

Reimbursement of the parent company for the cost of the benefit (i.e., the discount at the time of purchase) pursuant to a written reimbursement agreement should enable the subsidiary to deduct such cost from its income taxes.

Tax-favored

Preferential tax treatment, in the form of a designated tax-exempt amount for the given benefit, may apply if certain requirements are met.
Social insurance

Social insurance contributions are payable on the spread, subject to a cap. Withholding is required.

Data protection

Obtaining an employee's written consent for the processing and transfer of his or her personal data is the most common approach to comply with certain aspects of data protection requirements. Strict rules apply to data transfer outside the EEA.

Labor

Benefits received from a purchase right may be considered part of the employment relationship and included in a severance payment if purchase rights are regularly granted to an employee. Upon termination of employment, an employee may be entitled to continued participation in the plan and other rights with respect to his or her purchase rights. In order to reduce the risk of claims, the offer document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding purchase rights. If the Austrian employer has a works council, prior notice should be given to them before an offer is made.

Communications

Although plan materials are not required to be translated, translation is required for any government filing and is recommended to ensure that employees understand the terms of their awards.

KEY CONTACTS

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Belgian law. Even if restricted stock or RSUs are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, because no consideration is paid by the employee for restricted stock or RSUs, or due to the 150-person exemption).

Foreign exchange

Restricted stock and RSUs are not subject to any significant foreign exchange restrictions.

Tax

Employee

Generally, restricted stock is taxed upon grant on the value of the stock.

Generally, RSUs are taxed on the value of the stock upon vesting.

A reduction of the tax base may be available if the employee is not allowed to sell the shares for at least 2 years.

Employer

Withholding & reporting

Generally, withholding requirements apply if the subsidiary is involved with the delivery of the award or the underlying shares or if it is involved in the administration of the plan. Reimbursement by the subsidiary of the costs of the benefits may qualify as sufficient involvement.

Reporting is required if a withholding obligation exists.

Deduction
In situations where the subsidiary reimburses the parent company for the cost of the benefits, a deduction is generally allowed. A written reimbursement agreement is recommended. Reimbursement may result in income tax and social insurance withholding. Based on recent case law, the risk exists that the reimbursement may qualify as a capital loss on shares and would therefore not be deductible.

**Social insurance**

Traditionally, restricted stock and RSUs were not subject to social insurance contributions, provided at least they are not granted by the employer of the beneficiary. Social security contributions are indeed only due on benefits "granted by the employer in the framework of the employment contract." The notion of "granting" was in this regard construed in a broad sense, and it covered: (a) the situations where the employer directly pays the benefit, (b) the situation where the employer indirectly pays the benefit because the parent company granting it charges the cost for doing so to the employer, and (c) the situation where the employer does not bear the financial cost of the benefit, but intervenes in the granting of the benefit. Notably in its judgment of October 10, 2016, the Belgian Supreme Court decided that social security contributions are due if all costs of the benefit are paid by a third party, but the employer decides which person receives the benefit in question.

While the legislation was not changed, the National Office for Social Security now takes the view that the question who bears the financial burden of a benefit is not decisive, in the sense that social security contributions are definitively due if the financial burden is on the employer, but social security contributions can still be due if the financial burden is on the parent company of the employer. The National Office for Social Security did not publish a clear test to be used in order to determine when social security contributions are due, but seems to take the position that social security contributions are due, unless it can be established that a benefit is granted outside the framework of the employment contract—for instance, in the framework of a shareholder agreement.

**Data protection**

Consent can be a lawful ground for the processing and transfer of personal data, but it may not always be deemed to be valid in an employee-employer relationship, as one of the core requirements is that it is "freely given"—which can be difficult to establish if given after an employee has entered into an organization’s employ. In this context, it is easier to obtain valid consent if the entity granting the benefits in question is a group entity other than the actual employer. For this reason, it may in certain circumstances be more appropriate to invoke another lawful basis for processing, such as the necessity of the processing and transfer for performance of a contract with the employee (to the extent such is the case). In addition, the employer also is required to register any database that includes employee personal data with the Belgian privacy authorities. The transfer of personal data outside the EU thus requires prior notice and registration with the Belgian Privacy Commission, as well as a lawful basis for transfer (eg, explicit employee consent or necessity for performance of a contract with the employee), in addition to various other requirements related to the conditions of collection, use and transfer of such data.

**Labor**

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an award is non-recurring, ceases upon termination of employment and that the plan, and any awards under the plan, are discretionary. Benefits that are exempt of the calculation basis of social security contributions are also exempt of the calculation basis of holiday pay; therefore, a dispute with the Belgian National Office for Social Security on whether social security contributions are due on a particular benefit may also result in the workers involved claiming holiday pay on the benefit in question.
In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

There is a link with the new position by the National Office for Social Security on social security contributions, as benefits that are excluded from the calculation basis of social security contributions are automatically also excluded from the calculation basis of holiday pay. As social security contributions no longer can be avoided by the mere fact the financial burden of a benefit is on the parent company, the rationale of no holiday pay was due on RSUs no longer applies. Holiday pay equals 15.67 percent of the gross remuneration.

Communications

Translation

In Belgium, there is specific legislation on the use of languages in employment matters, requiring the use of French for the Walloon region, Dutch for the Flemish region, and French for French-speaking workers and Dutch for Dutch-speaking workers in the Brussels region. Nevertheless, this legislation applies only to communication between the employer and the worker and therefore does not apply to communication between any other entity (notably the foreign parent company) that would grant RSUs. Any filing with the government may be required in French or Dutch.

Electronic communication

In some circumstances, it may be acceptable for award agreements to be electronically executed.

STOCK OPTIONS

Securities

The EU Prospectus Directive has been implemented into Belgian law. Even if stock options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

Foreign exchange

Options are not subject to any significant foreign exchange restrictions.

Tax

Employee

The employee will be taxed upon the grant of the stock options if they accept the stock options in writing within 60 calendar days following the date of the offer. The taxable amount is a lump sum computed on the basis of a formula provided by law.

If the stock options are not accepted within 60 days from the date of offer, the employee will be taxed on the gain upon exercise.

The shares are, in principle, not taxed upon sale.
Employer

Withholding & reporting

Generally, withholding requirements apply if the subsidiary is involved with the delivery of the award or underlying shares or if it is involved in the administration of the plan. Reimbursement by the subsidiary of the costs of the benefits may qualify as sufficient involvement.

Reporting is required for options accepted within 60 days of the offer date. For options accepted after 60 days of offer, reporting is required if withholding obligations are triggered.

Deduction

In situations where the subsidiary reimburses the parent company for the cost of the option benefits, a deduction is generally allowed, although there is recent case law where the reimbursement has been considered as a non-deductible capital loss on shares. A written reimbursement agreement is recommended. Reimbursement may result in income tax and social insurance withholding.

Social insurance

Generally, the spread is not subject to social insurance contributions, provided at least they are not granted by the employer of the beneficiary. The notion of “granting” should in this regard nevertheless be construed in a broad sense, and it covers both the situations where the employer directly pays the benefit, the situation where the employer indirectly pays the benefit because the parent company granting it charges the cost for doing so to the employer, but also covers the situation where the employer does not bear the financial cost of the benefit but intervenes in the granting of the benefit. Notably in its judgment on October 10, 2016, the Belgian Supreme Court decided that social security contributions are due if all costs of the benefit are paid by a third party, but the employer decides which person receives the benefit in question. For stock options, it might nevertheless still be possible to be exempt of social security contributions if all conditions stipulated in the Act of March 26, 1999 are met.

Additionally, in relation to stock options, the National Office for Social Security nevertheless changed its position (cfr. Above). This does nevertheless not concern stock options in the sense of the act of March 26, 1999, as this Act expressly states that no social security contributions are due these benefits.

Data protection

Consent can be a lawful ground for the processing and transfer of personal data, but it may not always be deemed to be valid in an employee-employer relationship, as one of the core requirements is that it is "freely given"—which can be difficult to establish if given after an employee has entered into an organization’s employ. In this context, it is easier to obtain valid consent if the entity granting the benefits in question is a group entity other than the actual employer. For this reason, it may in certain circumstances be more appropriate to invoke another lawful basis for processing, such as the necessity of the processing and transfer for performance of a contract with the employee (to the extent such is the case). In addition, the employer also is required to register any database that includes employee personal data with the Belgian privacy authorities. The transfer of personal data outside the EU thus requires prior notice and registration with the Belgian Privacy Commission, as well as a lawful basis for transfer (eg, explicit employee consent or necessity for performance of a contract with the employee), in addition to various other requirements related to the conditions of collection, use and transfer of such data.


**Labor**

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option is non-recurring and ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be considered when awarding options.

The note made above in relation to holiday pay on RSUs also applies in relation to holiday pay on stock options. Stock options that are nevertheless covered by the Act of March 26, 1999 are exempt of social security contributions and are therefore also exempt of holiday pay.

**Communications**

**Translation**

In Belgium, there is specific legislation on the use of languages in employment matters, requiring the use of French for the Walloon region, Dutch for the Flemish region, and French for French-speaking workers and Dutch for Dutch-speaking workers in the Brussels region. Nevertheless, this legislation applies only to communication between the employer and the worker and therefore does not apply to communication between any other entity (notably the foreign parent company) that would grant stock options. Any filing with the government may be required in French or Dutch.

**Electronic communication**

In some circumstances, it may be acceptable for award agreements to be electronically executed.

**STOCK PURCHASE RIGHTS**

**Securities**

The EU Prospectus Directive has been implemented into Belgian law. Even if stock purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

**Foreign exchange**

Purchase rights are not subject to any significant foreign exchange restrictions.

**Tax**

**Employee**

Generally, the employee is taxed on the spread upon purchase. A reduction of the tax base may be available if the employee is not allowed to sell the shares for at least 2 years.

There is, in principle, no tax when the employee sells the shares.
Employer

**Withholding & reporting**

Generally, withholding is required, if the subsidiary is involved with the delivery of the award or the underlying shares or if it is involved in the administration of the plan. Reimbursement by the subsidiary of the costs of the benefits may qualify as sufficient involvement.

Reporting is required if a withholding obligation exists.

**Deduction**

In situations where the subsidiary reimburses the parent company for the cost of the purchase rights, a deduction is generally allowed. A written reimbursement agreement is recommended. Reimbursement may result in income tax and social insurance withholding on the spread of purchase. Based on recent case law, the risk exists that the reimbursement may qualify as a capital loss on shares and would therefore not be deductible.

**Social insurance**

Generally, the spread is not subject to social insurance contributions, provided at least they are not granted by the employer of the beneficiary.

Additionally, in relation to stock options, the National Office for Social Security nevertheless changed its position (CFR above).

**Data protection**

Consent can be a lawful ground for the processing and transfer of personal data, but it may not always be deemed to be valid in an employee-employer relationship, as one of the core requirements is that it is “freely given” – which can be difficult to establish if given after an employee has entered into an organization’s employ. In this context, it is easier to obtain valid consent if the entity granting the benefits in question is a group entity other than the actual employer. For this reason, it may in certain circumstances be more appropriate to invoke another lawful basis for processing, such as the necessity of the processing and transfer for performance of a contract with the employee (to the extent such is the case). In addition, the employer also is required to register any database that includes employee personal data with the Belgian privacy authorities. The transfer of personal data outside the EU thus requires prior notice and registration with the Belgian Privacy Commission, as well as a lawful basis for transfer (e.g., explicit employee consent or necessity for performance of a contract with the employee), in addition to various other requirements related to the conditions of collection, use and transfer of such data.

**Labor**

Payroll deductions should be deposited in a separate bank account in the name of the employees, or the purchase price should be paid by the employee, rather than be deducted by the employer from the employee’s remuneration.

In order to reduce the risk of employee claims, the offer document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary and non-recurring. In addition, anti-discrimination rules must be considered.
when awarding purchase rights.

The note made above in relation to holiday pay on RSUs also applies in relation to holiday pay on stock purchase rights or stock granted for free.

**Communications**

**Translation**

In Belgium, there is specific legislation on the use of languages in employment matters, requiring the use of French for the Walloon region, Dutch for the Flemish region, and French for French-speaking workers and Dutch for Dutch-speaking workers in the Brussels region. Nevertheless, this legislation applies only to communication between the employer and the worker and therefore does not apply to communication between any other entity (notably the foreign parent company) that would grant a benefit. Any filing with the government may be required in French or Dutch.

Employee communications should be provided in the local language: French for the Walloon region, Dutch for the Flemish region, and French and/or Dutch for the Brussels region. Contrary to the legislation applicable in the Flemish and the Walloon region, the legislation of the Brussels’ region nevertheless allows a retroactive regularization by providing the worker with a translation in the correct language. Any filing with the government may be required in French or Dutch.

**Electronic communication**

In some circumstances, it may be acceptable for offer documents to be electronically executed.
RESTRICTED STOCK AND RSUS

Securities

The grant of restricted stock or RSUs by entities incorporated abroad to the employees of Brazilian subsidiaries generally is not subject to securities law requirements.

Foreign exchange

Shares held outside of Brazil are subject to certain reporting requirements before the Brazilian Central Bank.

Tax

Employers and employees are encouraged to consult with their own tax advisors regularly to determine the consequences of taking or not taking any action concerning restricted stocks and RSUs, and to determine how the tax, social insurance, or other laws in Brazil apply to their specific situation.

Employee

Usually, the grant of restrict stock units does not give rise to a taxable event in Brazil. However, Brazilian tax authorities may have a different view, and understand that this could be seen as taxable event for employees, particularly if clearly treated as compensation by the issuer.

Upon vesting, the restricted stock units will be converted into shares and usually seen as income earned by employees, which shall result in the recognition of taxable income at the fair market value of the shares acquired and treated as employment (ordinary) income.

If employees sell any shares purchased under the plan, gains will be subject to capital gains taxation.

Employer

Withholding & reporting

Tax withholding and reporting by the employer will be required if it is treated as compensation and treated as
employment (ordinary) income. Capital gains tax calculation and reporting would be the employee's responsibility.

**Deduction**

If restricted stock and RSUs are offered to all employees in Brazil and the subsidiary reimburses the parent company for the cost of the benefits, the subsidiary should be able to deduct such cost from its income taxes provided that it is treated as compensation, which could cause restricted stock and RSUs to be deemed employment (ordinary) income subject to social insurance contributions.

**Social insurance**

Restricted stock and RSUs may be subject to social insurance contributions since it could be deemed employment income subject to such contributions.

**Data protection**

The new Brazilian Data Protection Law (Federal Law No. 13,709/18), which entered into force on September 18, 2020, applies to processing of personal data, including under a labor relationship.

In view of this, it is necessary to assess each case individually in order to confirm the proper legal basis for the processing personal data for the purpose of granting restricted stocks and RSUs to employees of Brazilian subsidiaries, in accordance with Article 7 of the Brazilian Data Protection Law.

In general, the employee consent is not a recommendable legal basis due to discussions about the validity of a consent under an employment relationship, considering the existing subordination between parties, and/or given that the consent may be revoked at any time by means of an express request of the data subject. However, the consent may be necessary for certain processing activities.

In relation to international transfer of data outside Brazil, it should be also covered by one of the available legal basis of the Brazilian Data Protection Law, such as standard contractual clauses or binding corporate rules. Such grounds, however, will probably be regulated in the future by the national supervisory authority in Brazil.

**Labor**

Benefits received from restricted stock and RSUs may be considered part of the employment relationship and included in a severance payment. Labor Courts tend to consider restricted stock and RSUs as salary, especially when the employee does not participate in any risk of the transaction (eg, if the award is granted for free or with a very reduced cost). Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued vesting and other rights with respect to his or her award. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that vesting of an award ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Although plan materials are not required to be translated, translation is required for any government filing, and is recommended to ensure that employees understand the terms of their awards.
STOCK OPTIONS

Securities

The grant of options by entities incorporated abroad to the employees of Brazilian subsidiaries generally is not subject to securities law requirements.

Foreign exchange

Subject to certain foreign exchange requirements, employees may exercise options by sending funds abroad. Shares held outside of Brazil are subject to certain reporting requirements before the Brazilian Central Bank.

Tax

The taxation of stock options in Brazil is subject to controversy since some practitioners take the position that any gain realized should be subject to capital gains tax because of the uncertainty of the triggering event, whereas others sustain that it should be taxed as ordinary income as part of an employee's compensation plan.

Therefore, employers and employees are encouraged to consult with their own tax advisors regularly to determine the consequences of taking or not taking any action concerning stock options.

Employee

Usually, the grant of stock options does not give rise to a taxable event in Brazil. However, tax authorities may have a different view and charge individual income tax and social insurance contributions upon grant, particularly if clearly treated as compensation by the issuer.

Depending on the position adopted, employees may be subject to ordinary income type of taxation upon exercise of options.

If employees sell any shares acquired upon exercise of options, gains will be subject to capital gains tax.

Employees may be exempt from capital gains tax if the gross proceeds from the sale of any stock during a particular calendar month are below a designated threshold. If the threshold is exceeded for the relevant month, the entire gain is subject to tax (i.e., not just the amount exceeding such threshold).

Employer

Withholding & reporting

Tax withholding and reporting by the employer will be required if it is treated as compensation and treated as employment (ordinary) income. Capital gains tax calculation and reporting would be the employee's responsibility.

Deduction

If options are offered to all employees in Brazil, and the subsidiary reimburses the parent company for the cost of option benefits, the subsidiary should be able to deduct such cost from its income taxes, provided that it is treated as compensation which could cause options to be deemed employment income subject to social insurance...
Social insurance

Although options generally are not subject to social insurance contributions, regularly granting options or reimbursement of option costs could result in the options being deemed employment income subject to such contributions by tax authorities.

Data protection

The new Brazilian Data Protection Law (Federal Law No. 13,709/18), which entered into force on September 18, 2020, applies to processing of personal data, including under a labor relationship.

In view of this, it is necessary to assess each case individually in order to confirm the proper legal basis for the processing personal data for the purpose of granting stocks options to employees of Brazilian subsidiaries, in accordance with Article 7 of the Brazilian Data Protection Law.

In general, the employee consent is not a recommendable legal basis due to discussions about the validity of a consent under an employment relationship, considering the existing subordination between parties, and/or given that the consent may be revoked at any time by means of an express request of the data subject. However, the consent may be necessary for certain processing activities.

In relation to international transfer of data outside Brazil, it should be also covered by one of the available legal basis of the Brazilian Data Protection Law, such as standard contractual clauses or binding corporate rules. Such grounds, however, will probably be regulated in the future by the national supervisory authority in Brazil.

Labor

Benefits received from an option may be considered part of the employment relationship and included in a severance payment. Labor Courts tend to consider restricted stock and RSUs as salary, especially when the employee does not participate in any risk of the transaction (eg, if the award is granted for free or with a very reduced cost). Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued vesting and other rights with respect to his or her option. In order to reduce the risk of claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

Although plan materials are not required to be translated, translation is required for any government filing, and is recommended to ensure that employees understand the terms of their awards.

STOCK PURCHASE RIGHTS

Securities

The grant of purchase rights by entities incorporated abroad to the employees of Brazilian subsidiaries generally is not subject to securities law requirements.
**Foreign exchange**

Subject to certain foreign exchange requirements, funds for the purchase of shares may be transferred abroad.

**Tax**

The taxation of stock purchase rights in Brazil is subject to controversy due to its similarity to stock options, which case some practitioners sustain that any gain realized should be subject to capital gains tax because of the uncertainty of the triggering event, whereas others sustain that it should be taxed as ordinary income as part of an employee’s compensation plan.

Therefore, employers and employees are encouraged to consult with their own tax advisors regularly to determine the consequences of taking or not taking any action concerning stock purchase rights.

**Employee**

Generally, if stock purchase rights utilize the employee's own funds, any gain will be subject to capital gains tax. However, if there's a discount on the purchase price, then such discount may be viewed as compensation and subject to ordinary income taxation.

If employees sell any shares acquired upon exercise of purchase rights, gains will be subject to capital gains tax.

Employees may be exempt from capital gains tax if the gross proceeds from the sale of any stock during a particular calendar month are below a designated threshold. If the threshold is exceeded for the relevant month, the entire gain is subject to tax (i.e., not just the amount exceeding such threshold).

**Employer**

**Withholding & reporting**

Reporting is required if the employer makes deductions from the employee's payroll to fund the employee's stock purchase plan.

Generally, withholding is required, if it is treated as compensation. If treated as an investment made by the employee, no withholding is required.

**Deduction**

So long as purchase rights are offered to all employees in Brazil and the subsidiary reimburses the parent company for the cost of benefits, the subsidiary should be able to deduct such cost from its income taxes. However, reimbursement could cause purchase rights to be deemed employment income subject to social insurance contributions.

**Social insurance**

Although the spread generally is not subject to social security contributions, regularly granting purchase rights or reimbursement of costs could result in the purchase rights being deemed employment income subject to such contributions.
Data protection

The new Brazilian Data Protection Law (Federal Law No. 13,709/18), which entered into force on September 18, 2020, applies to processing of personal data, including under a labor relationship.

In view of this, it is necessary to assess each case individually in order to confirm the proper legal basis for the processing personal data for the purpose of granting stocks purchase rights to employees of Brazilian subsidiaries, in accordance with Article 7 of the Brazilian Data Protection Law.

In general, the employee consent is not a recommendable legal basis due to discussions about the validity of a consent under an employment relationship, considering the existing subordination between parties, and/or given that the consent may be revoked at any time by means of an express request of the data subject. However, the consent may be necessary for certain processing activities.

In relation to international transfer of data outside Brazil, it should be also covered by one of the available legal basis of the Brazilian Data Protection Law, such as standard contractual clauses or binding corporate rules. Such grounds, however, will probably be regulated in the future by the national supervisory authority in Brazil.

Labor

Benefits received from a purchase right may be considered part of the employment relationship and included in a severance payment. Labor Courts tend to consider purchase rights as salary, especially when the employee does not participate in any risk of the transaction (eg, if the award is granted for free or with a very reduced cost). Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued participation in the plan and other rights with respect to his or her purchase rights. In order to reduce the risk of claims, the offer documents signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

Although plan materials are not required to be translated, translation is required for any government filing, and is recommended to ensure that employees understand the terms of their awards.
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CANADA

RESTRICTED STOCK AND RSUS

Securities

In most instances there should be no securities law restrictions applicable to the offer of restricted stock and RSUs due to available exemptions from the prospectus requirements. However, the issuer must ensure the requirements of applicable securities laws and exchange policies are satisfied, including the availability of a prospectus exemption.

Foreign exchange

Restricted stock and RSUs are generally not subject to any foreign exchange requirements.

Tax

Employee

Restricted stock is taxed upon grant as employment income at a 100-percent inclusion rate. The timing of recognition of the income differs in Canada and in the US so that foreign tax credits may become unavailable, unless a special election is filed.

If properly structured (including either (i) a vesting period of no more than 3 years or (ii) share-settled only), RSUs are taxed only upon vesting.

Upon the sale of shares, generally only 50 percent of any gain is taxable. Where a capital loss arises, only 50 percent of the loss is deductible and it is only deductible against capital gains. Such capital losses can be carried back 3 years and carried forward indefinitely.

Employer

Withholding & reporting

Generally, withholding and reporting are required.
Deduction

Even if the subsidiary reimburses the parent company for the cost of the benefit of restricted stock or share-settled RSUs pursuant to a written reimbursement agreement, it is unable to deduct such cost from its income taxes. However, the subsidiary is entitled to a deduction for the reimbursement of the cost of the benefit of RSUs that can be settled in cash and/or shares at the company’s discretion.

Social insurance

Generally, social insurance contributions, which are based on an employee's compensation and are subject to a cap, are payable on restricted stock and RSUs.

Data protection

Privacy legislation generally requires that an organization must obtain an individual's consent to the collection, use and disclosure of personal information, which is defined as any information about an identifiable individual. There are limited exclusions to this requirement. For example, some provincial legislation provides that certain types of employee personal information may be excluded from the consent requirement where used only for the purpose of establishing, managing or terminating the employment relationship, although requirements regarding notice, retention and data security measures still apply. Compliance with all applicable privacy legislation is necessary. In late 2020 the Canadian government tabled the Consumer Privacy Protection Act, which if enacted into law, will be expected to modernize Canadian private-sector privacy legislation applicable to the employees of federally-regulated businesses (including in respect of enforcement).

Labor

There is no at-will employment in Canada. Generally, if an employee is terminated without just cause, the employee is entitled to reasonable notice of termination of employment under the common law unless expressly limited to statutory or other minimums by contract, or pursuant to civil law in Quebec. Therefore, where an employee is offered restricted stock or RSUs as a term and condition of employment, if employment is later terminated without just cause and without reasonable notice of termination, the employee may be entitled to damages in respect of the loss of the restricted stock or RSU award over the reasonable notice period. However, employers may avoid such liability by eliminating eligibility for any unvested or future awards in the terms and conditions of employment and any applicable award policy or plan. To do so, employers must ensure that the terms and conditions of employment or of any award policy or plan expressly and unambiguously eliminate the employee’s entitlement to unvested awards after the effective date of termination (or as of the date the employee is on notice of termination) and provide that awards will not form part of or be taken into account for the purpose of pay in lieu of notice of termination, termination pay, severance compensation or other compensation or damages in respect of the termination of the employee’s employment whatsoever (subject to the statutory minimum notice period during which participation may be required to continue or for which statutory damages may otherwise be awarded). Employers who wish to limit employee entitlement to an award of restricted stock or RSU in the event of any termination of employment must clearly cover all possible circumstances and must not rely on overly generalized exclusions or limitations. Mere references to “active employment” are unlikely to pass muster.

Communications
Translation

Unless an employee in Quebec waives their right to receive plan materials in French, such materials must be translated into French.

Electronic communication

It should be feasible for an employee to execute their award agreement electronically.

STOCK OPTIONS

Securities

In most instances, there should be no securities law restrictions applicable to the offer of stock options due to available exemptions from the prospectus requirements. However, the issuer must ensure the requirements of applicable securities laws and exchange policies are satisfied, including the availability of a prospectus exemption.

Foreign exchange

Options are generally not subject to any foreign exchange requirements.

Tax

Employee

The employee is taxed on the spread upon exercise as employment income. 50 percent of the spread may be deducted from the taxable amount if certain requirements are met ("Stock Option Deduction").

On November 30, 2020, the Canadian federal government released updated legislative proposals ("Proposals") which, if enacted, would impose a CDN$200,000 annual limit on the amount of stock options eligible for the Stock Option Deduction. The Proposals would apply as of July 1, 2021 to employers with annual gross revenue of over CDN$500 million (on a consolidated basis).

Upon the sale of shares, generally only 50 percent of any gain is taxable. Where a capital loss arises, only 50 percent of the loss is deductible and it is only deductible against capital gains. Such capital losses can be carried back 3 years and carried forward indefinitely.

Employer

Withholding & reporting

Withholding and reporting are generally required.

Deduction

Even if the subsidiary reimburses the parent company for the cost of the option benefits (eg, the spread) pursuant to a written reimbursement agreement, it is unable to deduct such cost from its income taxes. However, if the Proposals apply to deny the Stock Option Deduction, the subsidiary may be entitled to a deduction for the
reimbursement of the cost of the benefit that is not eligible for the Stock Option Deduction if certain requirements are met.

**Social insurance**

Generally, social insurance contributions, which are based on an employee’s compensation and are subject to a cap, are payable on the spread when an option is exercised.

**Data protection**

Privacy legislation generally requires that an organization must obtain an individual’s consent to the collection, use and disclosure of personal information, which is defined as any information about an identifiable individual. There are limited exclusions to this requirement. For example, some provincial legislation provides that certain types of employee personal information may be excluded from the consent requirement where used only for the purpose of establishing, managing or terminating the employment relationship, although requirements regarding notice, retention and data security measures still apply. Compliance with all applicable privacy legislation is necessary. In late 2020 the Canadian government tabled the Consumer Privacy Protection Act, which if enacted into law, will is expected to modernize Canadian private-sector privacy legislation applicable to the employees of federally-regulated businesses (including in respect of enforcement).

**Labor**

There is no at-will employment in Canada. Generally, if an employee is terminated without just cause, the employee is entitled to reasonable notice of termination of employment under the common law unless expressly limited to statutory or other minimums by contract, or pursuant to civil law in Quebec. Therefore, where an employee is offered stock options as a term and condition of employment, if employment is later terminated without just cause and without reasonable notice of termination, the employee may be entitled to damages in respect of the loss of the stock option award over the reasonable notice period. However, employers may avoid such liability by eliminating eligibility for any unvested or future awards in the terms and conditions of employment and any applicable award policy or plan. To do so, employers must ensure that the terms and conditions of employment or of any award policy or plan expressly and unambiguously eliminate the employee’s entitlement to unvested awards after the effective date of termination (or as of the date the employee is on notice of termination) and provide that awards will not form part of or be taken into account for the purpose of pay in lieu of notice of termination, termination pay, severance compensation or other compensation or damages in respect of the termination of the employee’s employment whatsoever (subject to the statutory minimum notice period during which participation may be required to continue or for which statutory damages may otherwise be awarded). Employers who wish to limit employee entitlement to an award of stock options in the event of any termination of employment must clearly cover all possible circumstances and must not rely on overly generalized exclusions or limitations. Mere references to “active employment” are unlikely to pass muster.

**Communications**

**Translation**

Unless an employee in Quebec waives their right to receive plan materials in French, such materials must be translated into French.

**Electronic communication**
It should be feasible for an employee to execute their award agreement electronically.

**STOCK PURCHASE RIGHTS**

*Securities*

In most instances, there should be no securities restrictions applicable to the offer of purchase rights due to available exemptions from the prospectus requirements. However, the issuer must ensure the requirements of applicable securities laws and exchange policies are satisfied, including the availability of a prospectus exemption.

*Foreign exchange*

Purchase rights are generally not subject to any foreign exchange requirements.

*Tax*

**Employee**

The employee is taxed on the discount upon purchase as employment income.

Upon the sale of shares, generally only 50 percent of any gain is taxable. Where a capital loss arises, only 50 percent of the loss is deductible and it is only deductible against capital gains. Such capital losses can be carried back 3 years and carried forward indefinitely.

**Employer**

*Withholding & reporting*

Generally, withholding and reporting are required.

*Deduction*

Even if the subsidiary reimburses the parent company for the cost of the benefit (ie, the discount at the time of purchase) pursuant to a written reimbursement agreement, it is unable to deduct such cost from its income taxes.

*Social insurance*

Generally, social insurance contributions, which are based on an employee's compensation and are subject to a cap, are payable on the spread when the shares are purchased.

*Data protection*

Privacy legislation generally requires that an organization must obtain an individual's consent to the collection, use and disclosure of personal information, which is defined as any information about an identifiable individual. There are limited exclusions to this requirement. For example, some provincial legislation provides that certain types of employee personal information may be excluded from the consent requirement where used only for the purpose of establishing, managing or terminating the employment relationship, although requirements regarding notice,
retention and data security measures still apply. Compliance with all applicable privacy legislation is necessary. In late 2020 the Canadian government tabled the Consumer Privacy Protection Act, which if enacted into law, will is expected to modernize Canadian private-sector privacy legislation applicable to the employees of federally-regulated businesses (including in respect of enforcement).

**Labor**

There is no at-will employment in Canada. Generally, if an employee is terminated without just cause, the employee is entitled to reasonable notice of termination of employment under the common law unless expressly limited to statutory or other minimums by contract, or pursuant to civil law in Quebec. Therefore, where an employee is offered stock purchase rights as a term and condition of employment, if employment is later terminated without just cause and without reasonable notice of termination, the employee may be entitled to damages in respect of the loss of the stock purchase rights over the reasonable notice period. However, employers may avoid such liability by eliminating eligibility for any unvested or future awards in the terms and conditions of employment and any applicable award policy or plan. To do so, employers must ensure that the terms and conditions of employment or of any award policy or plan expressly and unambiguously eliminate the employee’s entitlement to unvested awards after the effective date of termination (or as of the date the employee is on notice of termination) and provide that awards will not form part of or be taken into account for the purpose of pay in lieu of notice of termination, termination pay, severance compensation or other compensation or damages in respect of the termination of the employee’s employment whatsoever (subject to the statutory minimum notice period during which participation may be required to continue or for which statutory damages may otherwise be awarded). Employers who wish to limit employee entitlement to an award of stock purchase rights in the event of any termination of employment must clearly cover all possible circumstances and must not rely on overly generalized exclusions or limitations. Mere references to “active employment” are unlikely to pass muster.

**Communications**

**Translation**

Unless an employee in Quebec waives their right to receive plan materials in French, such materials must be translated into French.

**Electronic communication**

It should be feasible for an employee to execute their award agreement electronically.
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Last modified 26 May 2021

RESTRICTED STOCK AND RSUS

Securities

As long as the offer of restricted stock or RSUs constitutes a private offer, generally no affirmative securities law requirements are implicated.

Foreign exchange

Any investment in excess of USD10,000 by a Chilean resident in shares of a foreign company is subject to reporting requirements. For cumulative investments in excess of USD5 million, additional reporting requirements apply.

Tax

Employee

Restricted stock and RSUs are usually taxed at vesting as this is the stage when the eligible employee usually meets the condition precedents to be entitled to the benefits of the plan.

The compensation or awards derived from such plans are deemed as employment income for employees. Accordingly, they are usually taxed together with the remaining remunerations payable to the employee on the same tax period (e.g., base salary, bonuses).

It is important to note that employment income is a progressive tax that ranges from 0 to 40 percent, and it is usually payable monthly.

Employer

The employer is liable as a withholding agent for tax and social security contributions when remunerations derived from the plans above are paid directly by such employer, or such payment is made by a third party to the eligible employee (i.e., the issuing party), but later the local employer reimburses the costs of the plan to the issuing party payer through charge-back.
Whether or not there is charge-back in place and the compensations from the plan are paid by the issuing party, the local employee must self-withhold, declare and pay taxes accordingly (on a monthly basis).

Withholding & reporting

If the local employer holds the position of withholding agent as explained above, it must file tax returns within the first days of the month following the payment of the remunerations or benefits derived from the plans. Otherwise, the eligible employee must self-withhold, declare and pay taxes as explained above.

Deduction

If benefits derived from the plan are paid directly by the local employer, the inclusion of such benefits in the employee’s compensation (subject to the payroll process of the respective period) and the existence of supporting documentation signed by the employee (eg. annex where they acknowledged the terms and conditions of the plan) should enable the subsidiary to deduct such cost for tax purposes.

If the benefits from the plan are paid by the issuing company and charged back to the local employer afterwards, the inclusion of such benefits in the employee’s compensation (subject to the payroll process of the respective period), the existence of supporting documentation signed by the employee (eg. annex where they acknowledged the terms and conditions of the plan) and intercompany agreements between local employer and the issuing company, should enable the subsidiary to deduct such cost for tax purposes.

Social insurance

Compensation derived from restricted stock units and RSU plans are subject to social security contributions if, together with the remaining remunerations payable to the eligible employee in the same month period, do not exceed the capped compensation that law states as a basis for social security calculations. For instance, if the base salary of an eligible employee suffices the capped basis, compensation from the plans paid in the same period will not be subject to social security contributions as they are over the capped basis. Otherwise, if compensation of the plan, together with the remaining remunerations payable in the month, is lower than the capped month basis, they shall trigger social security contribution payments. In addition, should the benefits paid directly by the issuing company with no charge-back to the local employer, it is debatable whether they will trigger social security contributions obligations.

Data protection

Obtaining employee consent for the processing and transfer of personal data is recommended. Such consent should be in Spanish.

Labor

Offering restricted stock and RSUs may trigger certain employer obligations and employee claims. For instance, benefits received from an award may be considered part of the employment relationship and included in a severance payment if such benefits are routinely offered. Upon involuntary termination of employment, an employee may assert that they are entitled to continued vesting and other rights with respect to their award. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an award ceases upon termination of employment, and that the plan and any awards under it are discretionary.
Communications

The Labor Authority has asserted that plan materials should be translated. However, translation is not legally required. Government filings and any employee consent authorizing the cross-border transfer of personal data must be in Spanish.

STOCK OPTIONS

Securities

As long as the offer of options constitutes a private offer, generally no affirmative securities law requirements are implicated.

Foreign exchange

Any investment in excess of USD10,000 by a Chilean resident in shares of a foreign company is subject to reporting requirements. For cumulative investments in excess of USD5 million, additional reporting requirements apply.

Tax

Employee

According to the new law that came into force in February 2020, the employee will be taxed depending on whether the stock option plan is agreed in an individual or collective employment agreement or if not.

If it is agreed in an individual or collective agreement, the employee will only be taxed upon the sale of shares, with Employment Tax, according to the gain obtained from the balance between the sale price and the value eventually paid by the employee at the grant or at the exercise of the stock option plan.

If the plan is not agreed in an individual or collective employment agreement, the employee will be taxed at the exercise with Employment Tax or final taxes, according to the gain obtained from the balance between the acquisition value and the value eventually paid by the employee at the grant or at the exercise of the stock option plan. Also the employee will be taxed at the sale, with final taxes, according to the gain obtained from the balance between the sale price and the value eventually paid by the employee at the grant or at the exercise of the stock option plan.

Employer

The employer is liable as a withholding agent for tax and social security contributions when remunerations derived from the plan as described above are paid directly by such employer, or such payment is made by a third party to the eligible employee (ie, the issuing party), but later, the local employer reimburses the costs of the plan to the issuing party payer through charge-back.

Whether or not there is charge-back in place and the compensations from the plan are paid by the issuing party, the local employee must self-withhold, declare and pay taxes accordingly (on a monthly basis).
**Withholding & reporting**

If the local employer holds the position of withholding agent as explained above, it must file tax returns within the first days of the month following the payment of the remunerations or benefits derived from the plans. Otherwise, the eligible employee must self-withhold, declare and pay taxes as explained above.

**Deduction**

In case that remuneration derived from the plan is paid directly by the local employer, the inclusion of such benefit in the employee's compensation (subject to the payroll process of the respective period) and the existence of supporting documentation signed by the employee (e.g., annex where they acknowledged the terms and conditions of the plan) should enable the subsidiary to deduct such cost for tax purposes.

In case the remuneration from the plan is paid by the issuing company and charged back to the local employer afterwards, the inclusion of such benefits in the employee’s compensation (subject to the payroll process of the respective period), the existence of supporting documentation signed by the employee (e.g., annex where they acknowledged the terms and conditions of the plan) and intercompany agreements between local employer and the issuing company, should enable the subsidiary to deduct such cost for tax purposes.

**Social insurance**

Remunerations derived from stock options plans are subject to social security contributions if, together with the remaining remunerations payable to the eligible employee in the same month period, do not exceed the capped compensation that law states as a basis for social security calculations. For instance, if the base salary of an eligible employee suffices the capped basis, compensation from the plans paid in the same period will not be subject to social security contributions since they are over the capped basis. Otherwise, if compensation of the plan, together with the remaining remunerations payable in the month, is lower than the capped month basis, they shall trigger social security contribution payments. In addition, should the benefits paid directly by the issuing company with no charge-back to the local employer, it is debatable if they will trigger social security contributions obligations.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended. Such consent should be in Spanish.

**Labor**

Offering stock options may trigger certain employer obligations and employee claims. For instance, benefits received from an option may be considered part of the employment relationship and included in a severance payment, if such benefits are routinely offered. Upon involuntary termination of employment, an employee may assert that they are entitled to continued vesting and other rights with respect to their option. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**
The Labor Authority has asserted that plan materials should be translated; however, translation is not legally required. Government filings and any employee consent authorizing the cross-border transfer of personal data must be in Spanish.

**STOCK PURCHASE RIGHTS**

*Securities*

As long as the offer of purchase rights constitutes a private offer, generally no affirmative securities law requirements are implicated.

*Foreign exchange*

Any investment in excess of USD10,000 by a Chilean resident in shares of a foreign company is subject to reporting requirements. For cumulative investments in excess of USD5 million, additional reporting requirements apply.

*Tax*

**Employee**

The employee generally is taxed on the spread upon purchase. Any gain upon the sale of shares also is subject to tax.

**Employer**

*Withholding & reporting*

If the subsidiary supports the cost of the purchase right, withholding and reporting are required.

*Deduction*

Reimbursement of the parent company for the cost of the benefit (ie, the discount at the time of purchase) and inclusion of such benefits in the employee's compensation should enable the subsidiary to deduct such cost from its income taxes.

*Social insurance*

Generally, the spread is likely not subject to social insurance contributions, subject to applicable contribution ceilings.

Any capital gains arising from the sale of shares obtained through the exercise of an option does not constitute remuneration for labor law and social security purposes under Articles 41 and 42 of the Labor Code.

*Data protection*

Obtaining employee consent for the processing and transfer of personal data is recommended. Such consent
should be in Spanish.

**Labor**

Offering purchase rights may trigger certain employer obligations and employee claims. For instance, benefits received from a purchase right may be considered part of the employment relationship and included in a severance payment if such benefits are routinely offered. Upon involuntary termination of employment, an employee may assert that they are entitled to continued participation in the plan and other rights with respect to their purchase right. In order to reduce the risk of employee claims, the offer document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

The Labor Authority has asserted that plan materials should be translated; however, translation is not legally required. Government filings and any employee consent authorizing the cross-border transfer of personal data must be in Spanish.

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RESTRICTED STOCK AND RSUS

Securities

Approval from the China Securities Regulatory Commission (CSRC) for the offer of stock awards by China listed companies is required. However, the Chinese securities laws are silent as to whether the offer of stock awards by overseas listed companies is subject to approval by CSRC, and there are no procedures for foreign issuers to obtain such approval. Although the CSRC has informally stated that the offer of restricted stock/RSUs by overseas listed companies is not subject to approval requirements, given the CSRC’s guidance is informal and non-binding, a company offering such awards should nonetheless consider measures to reduce the risk in the event such offer is deemed subject to CSRC approval.

Foreign exchange

Registration with the State Administration of Foreign Exchange (SAFE) generally is required for foreign currency transactions (including the cross-border cash movements related to the stock awards). Upon the completion of this registration, the local subsidiary in China (i.e., the employer of the participating employees) is required to open a special foreign exchange account with an approved Chinese bank to process the receipt and transfer of funds related to the stock awards. Periodic reporting requirements apply. The applicable SAFE requirements vary by region and are subject to change.

Tax

Employee

Restricted stock and RSUs are taxed as salaries and wages income upon vesting.

Capital gains tax is imposed upon the gains recognized from the sale of shares.

Employer

Withholding & reporting

Withholding and reporting are required on the vesting of restricted stock and RSUs.
**Deduction**

In principle, the restricted stock and RSU benefits, if reimbursed to the parent company for the cost of such benefits, should be a deductible expense for the subsidiary's income tax purposes. This would require the subsidiary to book such costs as employee compensation, and have properly settled the related personal income tax on behalf of the employees. However, exchange control approvals generally are required for such reimbursement arrangement.

**Tax-favored**

Generally a public company that offers restricted stock or RSUs is required to submit applicable documents translated into Chinese to the relevant local tax authority through its China subsidiary for preferential tax treatment to employees in accordance with the requirements of Circular Caishui [2005] No. 35 (Circular 35) and Circular Caishui [2018] No. 164 (Circular 164), which permit employees to enjoy favorable tax treatment in connection with their awards. The documents that must be submitted vary by region, but typically include: an application form, the plan, award agreement and grant notice. Awards granted by private companies are not entitled to the favorable tax treatment.

**Social insurance**

Social insurance contributions may be imposed on restricted stock and RSUs.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

The payment of wages is restricted to cash, and employers are prohibited from paying wages in the form of negotiable securities. Provided that restricted stock and RSUs are not characterized as wages, this restriction should not be problematic.

In addition to the concern about wages, benefits received from restricted stock and RSUs may be considered part of the employment relationship and may be included in a severance payment. Recent labor legislation may provide employees with greater rights to restricted stock or RSUs. In order to reduce the risk of entitlement claims, the award agreement signed by an employee should provide, among other things, that the stock award is not employment compensation, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Any filing with the government must be translated.

**STOCK OPTIONS**

**Securities**
Approval from the China Securities Regulatory Commission (CSRC) for the offer of stock awards by China listed companies is required. However, the Chinese securities laws are silent as to whether the offer of stock awards by overseas listed companies is subject to approval by CSRC, and there are no procedures for foreign issuers to obtain such approval. Although the CSRC has informally stated that the offer of options is not subject to securities law requirements, given the CSRC’s guidance is informal and non-binding, a company offering stock options should nonetheless consider measures to reduce the risk (e.g., mandate cashless exercise) in the event such an offer is deemed subject to CSRC approval.

**Foreign exchange**

Registration with the State Administration of Foreign Exchange (SAFE) generally is required for foreign currency transactions (including the cross-border cash movements related to the stock awards). Upon the completion of this registration, the local subsidiary in China (i.e., the employer of the participating employees) is required to open a special foreign exchange account with an approved Chinese bank to process the receipt and transfer of funds related to the stock awards. Periodic reporting requirements apply. The applicable SAFE requirements vary by region and are subject to change.

**Tax**

**Employee**

The employee is taxed on the spread as salaries and wages income at exercise.

Capital gains tax is imposed upon the gains recognized from the sale of shares.

**Employer**

**Withholding & reporting**

Withholding and reporting are required on the spread upon exercise.

**Deduction**

In principle, the option benefits, if reimbursed to the parent company for the cost of such benefits, should be a deductible expense for the subsidiary's income tax purposes. This would require the subsidiary to book such costs as employee compensation, and have properly settled the related personal income tax on behalf of the employees. However, exchange control approvals generally are required.

**Tax-favored**

Generally, a public company that offers stock options is required to submit applicable documents translated into Chinese to the relevant local tax authority through its China subsidiary in accordance with the requirements of Circular 35 and Circular 164, which permit employees to enjoy favorable tax treatment in connection with their options. The documents that must be submitted vary by region, but typically include: an application form, the plan, award agreement, grant notice, exercise notice and exercise adjustment notice. Awards granted by private companies are not entitled to the favorable tax treatment.

**Social insurance**
Social insurance contributions may be imposed on the spread.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

The payment of wages is restricted to cash, and employers are prohibited from paying wages in the form of negotiable securities. Provided that options are not characterized as wages, this restriction should not be problematic. In addition to the concern about wages, benefits received from an option may be considered part of the employment relationship, and may be included in a severance payment. Recent labor legislation may provide employees with greater rights to option benefits. In order to reduce the risk of entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

**Communications**

Any filing with the government must be translated.

### STOCK PURCHASE RIGHTS

**Securities**

Approval from the China Securities Regulatory Commission (CSRC) for the offer of stock awards by China listed companies is required. However, the Chinese securities laws are silent as to whether the offer of stock awards by overseas listed companies is subject to approval by CSRC, and there are no procedures for foreign issuers to obtain such approval. Although the CSRC has informally stated that the offer of purchase rights is not subject to approval requirements, given the CSRC’s guidance is informal and non-binding, a company offering purchase rights should nonetheless consider measures to reduce the risk in the event that such an offer is deemed subject to CSRC approval.

**Foreign exchange**

Registration with the State Administration of Foreign Exchange (SAFE) generally is required for foreign currency transactions (including the cross-border cash movements related to the stock awards). Upon the completion of this registration, the local subsidiary in China (ie, the employer of the participating employees) is required to open a special foreign exchange account with an approved Chinese bank to process the receipt and transfer of funds related to the stock awards. Periodic reporting requirements apply. The applicable SAFE requirements vary by region and are subject to change.

**Tax**

**Employee**

The employee is taxed on the spread as salaries and wages income at purchase.
Capital gains tax is imposed upon the gains recognized from the sale of shares.

**Employer**

**Withholding & reporting**

Withholding and reporting are required on the spread upon purchase.

**Deduction**

In principle, the purchase right benefits, if reimbursed to the parent company for the cost of such benefits, should be a deductible expense for the subsidiary’s income tax purposes. This would require the subsidiary to book such costs as employee compensation, and have properly settled the related personal income tax on behalf of the employees. However, exchange control approvals generally are required.

**Tax-favored**

There is no particular tax preferential treatment available to stock purchase rights under the current China tax regulations.

**Social insurance**

Social insurance contributions may be imposed on the spread.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

The payment of wages is restricted to cash, and employers are prohibited from paying wages in the form of negotiable securities. Provided that purchase rights are not characterized as wages, this restriction should not be problematic. In addition to the concern about wages, benefits received from a purchase right may be considered part of the employment relationship, and may be included in a severance payment. Recent labor legislation may provide employees with greater rights to stock plan benefits. In order to reduce the risk of entitlement claims, the offer documents signed by an employee should provide, among other things, that the award of a purchase right is not employment compensation, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Any filing with the government must be translated.
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RESTRICTED STOCK AND RSUS

Securities

As long as the award of restricted stock and RSUs is not deemed to be a public offer, securities requirements generally do not apply. Awards addressed to individual employees should not be deemed public offers, and therefore, said award shall not be addressed to more than 100 determined employees.

Foreign exchange

Employee

Granted shares by foreign affiliates to Colombian resident employees must be registered before the Central Bank as Colombian investment in foreign entities.

Granted shares by a Colombian entity (acting as the employer or as an affiliate of the foreign employer) to non-resident Colombian employees must be registered with the Central Bank as foreign investments in Colombia.

Colombian entities and its foreign affiliates

Colombian employers and foreign affiliates (issuing the shares) may have foreign exchange implications (ie, if the granted stock must be reimbursed to the foreign party, a financial transaction must be reported before the Central Bank).

Tax

Employee

When the stock is granted

Granted stock to Colombian tax resident employees is taxed as labor income at a progressive rate, up to 39 percent. The taxable income must correspond to the fair market value (FMV) of the stocks.

If the Colombian company granting the stocks does not trade them in a public stock market, the FMV, unless
proven otherwise, is presumed to be 130 percent of the intrinsic value of the Colombian entity. However, tax authorities are entitled to apply different valuation methods to determine the FMV (i.e., present value of the future earnings or EBITDA multiples).

**When the granted stock is sold**

The sale of the granted stock by the Colombian tax resident employees would be taxable upon the difference between their cost basis (acquisition value taxed as labor income) and their sale price. If the shares qualify as a fixed asset of the employee, and have been held for more than 2 years, the profit would be deemed as a capital gain (taxed at 10 percent, instead of the progressive rates, up to 39 percent, applicable to ordinary income). The same rule applies if the non-tax resident employees sell the stock granted in a Colombian entity. Exceptions may apply if the seller is a tax resident in a jurisdiction that has executed a tax treaty with Colombia.

**Employer**

**When the stock is granted**

**Withholding & reporting**

The Colombian entity (acting as the employer) must apply the labor withholding tax at progressive rates, up to 39 percent. Such withholding must be reported before the tax authorities.

**Deduction**

The Colombian entity (acting as the employer) is allowed to deduct the FMV of the granted stock, provided that:

- The labor withholding tax is applied and
- Social security contributions are paid.

The abovementioned tax deduction can be recognized even if the Colombian entity is an affiliate of the entity issuing and granting the stock, if, under the Colombian accounting standards, the value of the granted stock is registered as an expense during any given year.

Note that the Tax Code provisions do not deal with the relationship between Colombian employers and the foreign affiliates that issue and grant the stock, which therefore must be dealt with according to standard, the transfer pricing regulations and the applicable law.

Reporting is required if the Colombian company registers the abovementioned tax deduction.

**Social insurance**

If the stock is granted as a non-salary payment, it would not be included in the basis to calculate social security contributions, provided that such payments do not exceed 40 percent of the employees’ total monthly compensation. If these non-salary payments exceed 40 percent of the total monthly compensation, the excess will be subject to social security contributions.

The basis to calculate contributions to the social security system (pensions, solidarity pension fund, health and
labor risks) is the monthly salary earned by the employee. If that monthly salary exceeds 25 times the minimum legal wage, contributions to the social security system will be calculated on the maximum basis of 25 times the minimum legal wage.

If an employee earns a so-called "integral salary," 70 percent of the employee's salary will be the basis to calculate contributions to the social security system. However, if 70 percent of the integral salary is more than 25 times the minimum wage, contributions to the social security system will be calculated on the maximum basis of 25 times the minimum wage.

**Data protection**

Data protection legislation generally requires that an organization must obtain an individual's written consent to the collection, use and disclosure of personal information, which is defined as any information about an identifiable individual. This consent shall be obtained prior to the collection of the personal data and shall cover the specific purposes for which the data will be processed (including granting restricted stocks or RSUs). Thus, it is mandatory for the employer to obtain consent from the employee for the processing of their personal data. For this purpose, keep a record of such consent and provide the employee with the employer's data privacy policy and/or a privacy notice that informs which information is going to be collected, the purposes of the processing, the rights of the data subject (as provided by law), the complete information and contact details of the employer and the means to consult its data privacy policy.

**Labor**

Restricted Stocks and RSUs could be granted as an extralegal benefit of the local company, even if the stock granted is issued by a foreign entity.

No notice or acceptance of the employee is mandatory. This benefit could be managed as a unilateral extralegal benefit (non-salary payment) to reduce the risks regarding acquired (vested) rights from a labor standpoint in Colombia.

Nonetheless, the main risk is that employees could claim that this benefit in fact is an acquired right. Appropriate labor provisions in the award terms and conditions and executing the grant through a unilateral document from the employer (instead of a negotiated bilateral agreement) may significantly reduce these risks.

**Communications**

**Translation**

It is not mandatory to have the respective documents translated into Spanish if all employees are proficient in English. However, Spanish is strongly advisable as Colombian authorities could require any employment-related document to be in Spanish or translated into Spanish (by a certified translator) and duly apostilled (if applicable).

**Electronic communication**

It is not mandatory for an employee to be able to execute their award agreement electronically.

**STOCK OPTIONS**
Securities

As long as the award of stock options is not deemed to be a public offer, securities requirements generally do not apply. Awards addressed to individual employees should not be deemed public offers, and, therefore, said award shall not be addressed to more than 100 determined employees.

Foreign exchange

Employee

When the option is vested by a Colombian resident employee and the stock is issued by a foreign entity, that investment must be registered with the Central Bank as a Colombian investment in foreign entities.

When the option is vested by a non-Colombian resident employee and the stock is issued by a Colombian entity, that investment must be registered with the Central Bank as a foreign investment in Colombia.

Colombian entities and its foreign affiliates

The relationship between Colombian employers and the foreign affiliates that issue the shares may also have foreign exchange implications (ie, if the difference between the stock value and the option price must be reimbursed to the foreign party, a financial transaction between the Colombian employers and its foreign affiliate must be reported before the Central Bank).

Tax

Employee

When the stock is granted

Colombian tax resident employees are only taxed at a progressive rate, up to 39 percent, when the stock options are vested. The taxable income shall correspond to the difference between the FMV of the granted shares and the price paid by the employee to acquire the stock options (if any).

If vested options imply the issuance of shares in a Colombian company, and such entity does not trade its shares in a public stock market, the FMV, unless proven otherwise, is presumed to be 130 percent of the intrinsic value of the Colombian entity. However, tax authorities are entitled to apply different valuation methods to determine the FMV (ie, present value of the future earnings or EBITDA multiples).

When the granted stock is sold

The sale of the acquired shares by the Colombian tax resident employees would be taxable upon the difference between their cost basis (acquisition value) and their sale price. If the shares qualify as a fixed asset of the employee and have been held for more than 2 years, the profit would be deemed as a capital gain (taxed at 10 percent, instead of the progressive rates, up to 39 percent, applicable to ordinary income). Same rule applies if the non-tax resident employees sell the stock granted in a Colombian entity. Exceptions may apply if the seller is a tax resident in a jurisdiction that has executed a tax treaty with Colombia.
When the stock is granted

Withholding & reporting

The Colombian entity acting as the employer must apply the labor withholding tax at progressive rates, up to 39 percent.

Such withholding must be reported before the tax authorities.

Deduction

The Colombian entity acting as the employer is allowed to deduct the FMV of the granted shares, when the options are vested, provided that:

- The labor withholding tax is applied and
- Social security contributions are paid.

The abovementioned tax deduction may be recognized even if the Colombian entity is an affiliate of the entity issuing the shares, if, under the Colombian accounting standards, the value of the granted stock is registered as an expense during any given year.

Note that the Colombian Tax Code provisions do not deal with the relationship between Colombian employers and the foreign affiliates that issue and grant the stock, which must be dealt according to the accounting standard, the transfer pricing regulations and the applicable law.

Reporting is required if the Colombian company registers the abovementioned tax deduction.

Social insurance

If the stock options are granted as a non-salary payment, they would not be included in the basis to calculate social security contributions, provided that such payments do not exceed 40 percent of the employees' total monthly compensation. If these non-salary payments exceed that 40 percent of the monthly compensation, the excess will be subject to social security contributions.

The basis to calculate contributions to the social security system (pensions, solidarity pension fund, health and labor risks) is the monthly salary earned by the employee. If that monthly salary exceeds 25 times the minimum legal wage, contributions to the social security system will be calculated on the maximum basis of 25 times the minimum legal wage.

In case of employees earning a so-called "integral salary," 70 percent of salary will be the basis to calculate contributions to the social security system. However, if 70 percent of the integral salary is more than 25 times the minimum wage, contributions to the social security system will be calculated on the maximum basis of 25 times the minimum wage.

Data protection

Data protection legislation generally requires the organization to obtain individual's written consent to the
collection, use and disclosure of personal information, which is defined as any information about identifiable individual. This consent shall be obtained prior to the collection of the personal data and shall cover the specific purposes for which the data will be processed (including granting stock options). Thus, it is mandatory for the employer to obtain the consent from the employee for the processing of their personal data. For this purpose, keep a record of such consent and provide the employee with the employer’s data privacy policy and/or a privacy notice that informs which information is going to be collected, the purposes of the processing, the rights of the data subject (as provided by law), the complete information and contact details of the employer and the means to consult its data privacy policy.

**Labor**

Stock options could be granted as an extralegal benefit of the local company, even if the rights are upon stock of a foreign issuer.

No notice or acceptance of the beneficiary is mandatory. This benefit could be managed as a unilateral extralegal benefit (non-salary payment) to reduce the risks regarding acquired (vested) rights from a labor standpoint in Colombia. Nonetheless, the main risk is that employees could claim that this benefit, in fact, is an acquired right. Appropriate labor provisions in the award terms and conditions and executing the grant through a unilateral document from the employer (instead of a negotiated bilateral agreement) may significantly reduce these risks.

**Communications**

**Translation**

It is not mandatory to have the respective documents translated into Spanish if all employees are proficient in English. However, Spanish is strongly advisable as the Colombian authorities could require any employment-related document to be in Spanish or translated into Spanish (by a certified translator) and duly apostilled (if applicable).

**Electronic communication**

It is not mandatory for an employee to be able to execute their award agreement electronically.

**STOCK PURCHASE RIGHTS**

**Securities**

As long as the award of stock purchase rights is not deemed to be a public offer, securities requirements generally do not apply. Awards addressed to more than 500 shareholders of the issuer entity must comply with public offer rules.

**Foreign exchange**

The amounts paid by Colombian residents upon the exercise of the stock purchase rights to acquire shares of a foreign company would be deemed as a foreign Colombian investment and therefore must be registered before the Central Bank.
The amounts paid by non-Colombian residents upon the exercise of the stock purchase rights to acquire shares in a Colombian entity would be deemed as a foreign investment and therefore must be registered before the Central Bank.

**Tax**

The issuance of shares in a Colombian entity upon the exercise of a stock purchase rights is subject to a registry tax at a maximum rate of 1 percent. The sale of the acquired shares would be taxable upon the difference between their cost basis (acquisition value) and their sale price. If the shares qualify as a fixed asset and have been held for over 2 years, the profit would be deemed as a capital gain (taxed at 10 percent, instead of the progressive rates, up to 39 percent, applicable to ordinary income). Exceptions may apply if the seller is a tax resident in a jurisdiction that has executed a tax treaty with Colombia.

**Social insurance**

Considering that employee pays for the total stock price and no payment is made by the employer, no labor extralegal benefit is paid by employer. Thus, no social taxes will be accrued.

**Data protection**

Data protection legislation generally requires that an organization must obtain an individual’s written consent to the collection, use and disclosure of personal information, which is defined as any information about an identifiable individual. This consent shall be obtained prior to the collection of the personal data and shall cover the specific purposes for which the data will be processed (including granting stock purchase). Thus, it is mandatory for the employer to obtain consent from the employee for the processing of their personal data. For this purpose, keep a record of such consent and provide the employee with the employer’s data privacy policy and/or a privacy notice that informs which information is going to be collected, the purposes of the processing, the rights of the data subject (as provided by law), the complete information and contact details of the employer and the means to consult its data privacy policy.

**Labor**

Not applicable for this jurisdiction.

**Communications**

**Translation**

It is not mandatory to have the respective documents translated into Spanish if all shareholders are proficient in English. However, Spanish is strongly advisable as the Colombian authorities could require any document to be in Spanish or translated into Spanish (by a certified translator) and duly apostilled (if applicable).

**Electronic communication**

It is not mandatory for an employee to be able to execute their award agreement electronically.
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CZECH REPUBLIC

RESTRICTED STOCK AND RSUS

Securities

The new EU Prospectus Regulation repealed the EU Prospectus Directive as of July 21, 2019, further simplifying the regime for exemption from the obligation to publish a prospectus. Accordingly, changes reflecting the EU Prospectus Regulation have been implemented into Czech law. As long as no consideration is paid by the employee for restricted stock or RSUs (i.e., serves as a benefit), the award should be exempt from prospectus requirements subject to obligation to notify the Czech National Bank and further requirements set forth in the Czech Capital Market Undertakings Act.

Foreign exchange

The employee may hold the funds abroad. Unless certain thresholds and other conditions are met, residents are no longer required to notify the Czech National Bank of the opening of an offshore account, to report the account balance or to notify the Czech National Bank when they receive or sell shares in a foreign entity.

Tax

Employee

Restricted stock and RSUs are likely taxed upon vesting.

Upon the sale of shares, the gain is taxable except under certain circumstances.

Employer

Withholding & reporting

If the subsidiary deducts the cost of the benefits, withholding and reporting are required.

Deduction

A tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the benefit.
Social insurance

Social security and health insurance contributions do not apply provided that:

- The Czech employer is not responsible for the costs of the plan (ie, there is no reimbursement of costs)
- Shares of the Czech employer are not included in the plan and
- Payments are not made through the Czech employer.

Data protection

Data protection matters are regulated by the GDPR. Generally, employee consent is not required subject to applicable exceptions.

Labor

Restricted stock and RSU benefits may be considered part of the employment relationship and included in a severance payment if awards are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of restricted stock or RSUs is not employment compensation, that vesting of an award ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

Although not required, translation of documents is recommended. Any filing with the government is required to be translated.

STOCK OPTIONS

Securities

The new EU Prospectus Regulation has been implemented into Czech law. Generally, stock options are considered as transferable investment instruments. If no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from the prospectus requirements. Even if options are considered securities that require a prospectus (eg, an employee pays consideration), they may nonetheless be exempt from the prospectus requirements (eg, if is addressed to fewer than 150 persons per country).

Foreign exchange

The employee may hold funds abroad. Unless certain thresholds and other conditions are met, residents are no longer required to notify the Czech National Bank of the opening of an offshore account, to report the account balance or to notify the Czech National Bank when they receive or sell shares in a foreign entity.

Tax

Employee
The spread is taxable upon exercise.

Upon the sale of shares, the gain is taxable except under certain circumstances.

**Employer**

**Withholding & reporting**

If the subsidiary deducts the cost of the option benefits (e.g., the spread), withholding and reporting are required.

**Deduction**

A tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the option benefits.

**Social insurance**

Social security and health insurance contributions do not apply provided that:

- The Czech employer is not responsible for the cost of the plan (i.e., there is no reimbursement of costs)
- The shares of the Czech employer are not included in the plan and payments are not made through the Czech employer.

**Data protection**

Data protection matters are regulated by the GDPR. Generally, employee consent is not required, subject to applicable exceptions.

**Labor**

Option benefits may be considered part of the employment relationship and included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Although not required, translation of documents is recommended. Any filing with the government is required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

The new EU Prospectus Regulation has been implemented into Czech law. Generally, nontransferable purchase
rights are not considered investment instruments. Even if stock purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

**Foreign exchange**

The employee may hold funds abroad. Unless certain thresholds and other conditions are met, residents are no longer required to notify the Czech National Bank of the opening of an offshore account, to report the account balance or to notify the Czech National Bank when they receive or sell shares in a foreign entity.

**Tax**

**Employee**

Taxable upon exercise of the stock purchase rights.

Upon the sale of shares, the gain is taxable except under certain circumstances.

**Employer**

**Withholding & reporting**

If the subsidiary deducts the costs of the benefits (i.e., the discount at the time of purchase), withholding and reporting are required.

**Deduction**

A tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the benefit.

**Social insurance**

Social security and health insurance contributions do not apply provided that:

- The Czech employer is not responsible for the cost of the plan (i.e., there is no reimbursement of costs)
- The shares of the Czech employer are not included in the plan and
- Payments are not made through the Czech employer.

**Data protection**

Data protection matters are regulated by the GDPR. Generally, employee consent is not required subject to applicable exceptions.

**Labor**

Plan benefits may be considered part of the employment relationship and included in a severance payment if purchase rights are repeatedly granted to an employee. In order to reduce the risk of employee entitlement
claims, the offer document signed by an employee should provide, among other things, that the award of purchase rights is not employment compensation, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

Although not required, translation of documents is recommended. Any filing with the government is required to be translated.

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DENMARK

RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Danish law. As long as no consideration is paid by the employee for an award of restricted stock or RSUs, such award is exempt from the prospectus requirements.

Foreign exchange

Since restricted stock and RSUs do not involve the transfer of funds, generally there are no foreign exchange restrictions. The tax authorities must be notified by Danish residents of foreign accounts (banking accounts, trading accounts, etc.).

Tax

Employee

As a starting point, restricted stock is taxed upon vesting. The taxable amount is taxed as salary income. If the value of the scheme is less than 10 percent of the employee's remuneration (20 percent in start-up companies), the employer and the employee may opt for a certain with the effect that the spread is taxable under the rules applicable to capital gains. Consequently, the time of taxation of the employees is deferred until the time when such shares are sold by the employees. There is no taxation at the time of grant or vesting. Certain requirements to both the relevant securities and the award agreement apply to utilize the incentive tax scheme. Case-by-case analysis is recommended.

RSUs, which are not covered by the employee incentive schemes, are, as a starting point, taxable upon grant, eg, performance conditions, continued employment, etc. However, it should be noted that a sole provision of continued employment, though not in all cases, can imply that the time of taxation of the employees is deferred.

Any gain from the sale of shares is subject to capital gains taxation.

Employer

Withholding & reporting
Reporting is required. There are no withholding tax requirements.

**Deduction**

A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the restricted stock or RSUs, and treasury shares are issued.

**Social insurance**

Restricted stock and RSUs are subject to Danish labor market contribution when taxed as salary income. Spread taxed as capital gains is not subjected to labor market contribution.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is a means to comply with certain aspects of the Danish data protection requirements. Case-by-case analysis is recommended.

**Labor**

**Restricted stock**

Restricted Stock is normally not regulated by the 2004 Danish Stock Options Act, and it is common that the employee is required to sell or give Restricted Stock back to the company in the event of termination of employment. The validity of such a term depends on whether the term is considered fair according to contractual law.

**RSUs**

**Before January 1, 2019**

RSUs are normally regulated by the 2018 Danish Stock Option Act. According to the Act, an employee has unwaivable rights to granted RSUs in the event that his or her employment is terminated by the company, except in the cases of misconduct. An employee may maintain the right to receive a proportionate share of the RSUs that the employee would have been entitled to, had he or she still been employed at the time of the allotment or at the end of the current financial year. The 2004 Danish Stock Option Act may apply to both Restricted Stock and RSUs depending on the nature of the agreement or scheme. If the Act applies, employers must provide their employees with a translated summary of their rights concerning restricted stock or RSUs. In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs.

**After January 1, 2019**

The Danish Stock Option Act was amended in 2018 (applicable from 1 January 2019). The amendments entail that the good and bad leaver limitations no will longer apply allowing for the employer and the employee to freely decide on the terms of RSUs in connection with a termination of the employment. The employer may therefore determine such terms to the effect that non-exercised RSUs will lapse in connection with a termination of the employment regardless of the reasons for the termination of the employment, ie, also regardless of the employee being a "good leaver" according to the current rules.
The amendments also entail it in the award agreement can be agreed that the employer is entitled to repurchase awarded RSUs and Restricted Stock at a “fair market value” when the employee leaves the employer.

**Communications**

Employers are required to provide a summary of their employees’ rights in local language under the 2004 Danish Stock Option Act. Government filings must be translated.

### STOCK OPTIONS

**Securities**

The EU Prospectus Directive has been implemented into Danish law. Even if employee stock options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements if one or more prospectus exemptions apply (e.g., the 150-person exemption).

**Foreign exchange**

The tax authorities must be notified by Danish tax residents of foreign exchange transactions and foreign accounts (banking accounts, trading accounts, etc.).

**Tax**

**Employee**

As a starting point, the spread is taxable upon exercise as salary income. If the value of the scheme is less than 10 percent of the employee’s remuneration (20 percent in start-up companies) the employer and the employee may opt for a certain with the effect that the spread is taxable under the rules applicable to capital gains. Consequently, the time of taxation of the employees is deferred until the time when such shares are sold by the employees. There is no taxation at the time of grant or vesting.

Certain requirements to both the relevant securities and the award agreement apply to utilize the incentive tax scheme. Case-by-case analysis is recommended.

In other cases, when certain criteria are not met, stock options are, as a starting point, taxable on exercise.

**Employer**

**Withholding & reporting**

Reporting is required. There are no withholding tax requirements.

**Deduction**

A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the option plan and treasury shares are issued.
**Social insurance**

The spread is subject to Danish labor market contribution when the spread is taxable.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is a means to comply with certain aspects of the Danish data protection requirements. Case-by-case analysis is recommended.

**Labor**

**Before January 1, 2019**

Stock options are normally regulated by the 2004 Danish Stock Option Act. According to the Act, an employee has unwaivable rights to granted Stock Options in the event that his or her employment is terminated by the company, except in the cases of misconduct. An employee may maintain the right to receive a proportionate share of the RSUs that the employee would have been entitled to, had he or she still been employed at the time of the allotment or at the end of the current financial year. If the Act applies, employers must provide their employees with a translated summary of their rights concerning the stock options. In addition, anti-discrimination rules need to be considered when awarding stock options.

**After January 1, 2019**

The Danish Stock Option Act was amended in 2018 (applicable from 1 January 2019). The amendments entail that the good and bad leaver limitations no will longer apply allowing for the employer and the employee to freely decide on the terms of Stock Options programs in connection with a termination of the employment. The employer may therefore determine such terms to the effect that non-exercised Stock Options will lapse in connection with a termination of the employment regardless of the reasons for the termination of the employment, ie also regardless of the employee being a "good leaver" according to the current rules.

The amendments also entail it in the award agreement can be agreed that the employer is entitled to repurchase awarded Stock Options at a "fair market value" when the employee leaves the employer.

**Communications**

Employers must provide a summary of their employees' rights under the 2004 Danish Stock Option Act in local language. Government filings must be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

The EU Prospectus Directive has been implemented into Danish law. Even if employee stock purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements if one or more prospectus exemptions apply (eg, the 150-person exemption).

**Foreign exchange**
The tax authorities must be notified by Danish tax residents of foreign exchange transactions and foreign accounts (banking accounts, trading accounts, etc.).

**Tax**

**Employee**

As a starting point, the spread is taxable upon purchase. If the value of the scheme is less than 10 percent of the employee’s remuneration (20 percent in start-up companies) the spread is taxable under the rules applicable to capital gains. Consequently, the time of taxation of the employees is deferred until the time when such shares are sold by the employees. There is no taxation that arises at the time of grant or vesting.

Certain requirements to both the relevant securities and the award agreement apply to utilize the incentive tax scheme. Case-by-case analysis is recommended.

Any gain from the sale of shares is subject to capital gains taxation.

**Employer**

**Withholding & reporting**

Reporting is required. There are no withholding tax requirements.

**Deduction**

A local tax deduction is allowed if the subsidiary reimburses the parent company for the plan costs and treasury shares are issued.

**Social insurance**

The spread is subject to Danish labor market contribution when the spread is taxable.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is a means to comply with certain aspects of the Danish data protection requirements. Case-by-case analysis is recommended.

**Labor**

Genuine Stock Purchase Programs that entitles the employee to an instant Stock Purchase (no vesting period) are not covered by the Danish Stock Option Act or similar employee protective legislation. Such programs may in principle be entered under contract of freedom.

**Before January 1, 2019**

Stock Purchase Rights ie, rights to purchase shares in the future are normally regulated by the 2004 Danish Stock Option Act. According to the Act, an employee has unwaivable rights to granted Stock Options in the event that his or her employment is terminated by the company, except in the cases of misconduct. An employee may
maintain the right to receive a proportionate share of the Stock Purchase Rights that the employee would have been entitled to, had he or she still been employed at the time of the allotment or at the end of the current financial year. If the Act applies, employers must provide their employees with a translated summary of their rights concerning the Stock Purchase Rights. In addition, anti-discrimination rules need to be considered when awarding the Stock Purchase Rights.

After January 1, 2019

The Danish Stock Option Act was amended in 2018 (applicable from 1 January 2019). The amendments entail that the good and bad leaver limitations no will longer apply allowing for the employer and the employee to freely decide on the terms of Stock Options programs in connection with a termination of the employment. The employer may therefore determine such terms to the effect that non-exercised Stock Options will lapse in connection with a termination of the employment regardless of the reasons for the termination of the employment, ie, also regardless of the employee being a "good leaver" according to the current rules.

The amendments also entail it in the award agreement can be agreed that the employer is entitled to repurchase awarded Stock Options at a "fair market value" when the employee leaves the employer.

Communications

Employers are required to provide a summary of their employees’ rights in local language under the 2004 Danish Stock Option Act. Government filings must be translated.

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REstricted stock and RSUs

Securities

In order to avoid securities law requirements, the underlying shares must not be listed on the Egyptian Exchange.

Foreign exchange

At present, there are no foreign exchange controls in Egypt. Noting that, in order to transfer foreign currencies inside and outside of Egypt, this should be done through one of the registered banks authorized for dealing in foreign currencies.

Tax

Employee

Restricted stock likely is taxed upon grant.

RSUs likely are taxed upon vesting.

Proceeds from the sale of shares are taxable.

Employer

Withholding & reporting

Withholding and reporting requirements generally apply.

Deduction

It is uncertain whether the subsidiary may claim a local tax deduction.

Social insurance
Restricted stock and RSUs are not subject to social insurance obligations.

**Data protection**

Employers are advised to make disclosures to employees about processing personal data. Obtaining employee consent is required for the processing and transfer of personal data to third parties.

**Labor**

Although it is not common, restricted stock and RSU benefits may be considered part of the employment relationship, and may be included in a severance payment, if awards are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award is not employment compensation, that vesting ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Although not required, it is recommended that plan documents be translated. Any filings with the government are required to be translated into Arabic.

**STOCK OPTIONS**

**Securities**

In order to avoid securities law requirements, the underlying shares must not be listed on the Egyptian Exchange.

**Foreign exchange**

At present, there are no foreign exchange controls in Egypt. An Egyptian bank must handle any transfer of funds.

**Tax**

**Employee**

Upon the sale of shares, a tax of 22.5 percent on the capital gain tax shall be applicable unless the shares are listed on a stock exchange.

**Employer**

**Withholding & reporting**

Withholding and reporting requirements generally apply.

**Deduction**

It is uncertain whether the subsidiary may claim a local tax deduction.
Social insurance

The spread is not subject to social insurance obligations.

Data protection

Employers are advised to make disclosures to employees about processing personal data. Obtaining employee consent is required for the processing and transfer of personal data to third parties.

Labor

Although it is not common, option benefits may be considered part of the employment relationship, and may be included in a severance payment, if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

Communications

Although not required, it is recommended that plan documents be translated. Any filings with the government are required to be translated in Arabic.

STOCK PURCHASE RIGHTS

Securities

In order to avoid securities law requirements, the underlying shares must not be listed on the Cairo or Alexandria Stock Exchanges.

Foreign exchange

At present, there are no foreign exchange controls in Egypt. An Egyptian bank must handle any transfer of funds.

Tax

Employee

Upon the sale of shares, a tax of 22.5 percent on the capital gain tax shall be applicable unless the shares are listed on a stock exchange.

Employer

Withholding & reporting

Withholding and reporting requirements generally apply.

Deduction
It is uncertain whether the subsidiary may claim a local tax deduction.

**Social insurance**

The spread is not subject to social insurance obligations.

**Data protection**

Employers are advised to make disclosures to employees about processing personal data. Obtaining employee consent is required for the processing and transfer of personal data to third parties.

**Labor**

Although it is not common, purchase rights may be considered part of the employment relationship and may be included in a severance payment if repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the offer documents signed by an employee should provide, among other things, that the award of a purchase right is not employment compensation, that participation ceases upon termination of employment and that the plan and any purchase rights under it are discretionary.

**Communications**

Although not required, it is recommended that plan documents be translated. Any filings with the government are required to be translated into Arabic.
FINLAND

RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive and Shareholder Rights Directive II have been implemented into Finnish law and, as of July 21, 2019, the EU Prospectus Regulation is fully applicable.

Foreign exchange

Restricted stock and RSUs are not subject to any foreign exchange restrictions.

Tax

Employee

Restricted stock and RSUs are taxed upon delivery and subject to progressive income tax up to 56 percent.

The gain from the sale of shares is subject to tax as capital income at 30 percent up to EUR30,000 and 34 percent for the exceeding part. The loss from the sale of shares can be carried forward up to 5 years.

Employer

Withholding & reporting

Withholding and reporting requirements apply.

Deduction

An employer may be able to claim a tax deduction for the cost of award benefits if it reimburses the parent company pursuant to a written agreement. As a minimum prerequisite, the cost must be an actual expense entered into bookkeeping.

Social insurance
Restricted stock and RSUs are not subject to social insurance contributions.

Data protection

In order to comply with certain aspects of the data protection requirements, obtaining consent for the processing and transfer of personal data is recommended.

Labor

Restricted stock and RSU benefits may be considered part of the employment relationship and may be included in a severance payment for unlawful termination if restricted stock and RSUs are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the awards of restricted stock and RSUs are not employment compensation that vesting of an award ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

Communications

Although not required, translation of plan documents is recommended as a contract may be unenforceable if it is concluded in a language that the participant cannot understand.

STOCK OPTIONS

Securities

The EU Prospectus Directive has been implemented into Finnish law and, as of July 21, 2019 the EU Prospectus Regulation is fully applicable. Even if stock options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., through the 150-person exemption).

Foreign exchange

Stock options are not subject to any foreign exchange restrictions.

Tax

Employee

The spread is taxable at exercise and subject to progressive income tax up to 56 percent.

The gain from the sale of shares is subject to tax as capital income at 30 percent up to EUR30,000 and 34 percent for the exceeding part. The loss from the sale of shares can be carried forward up to 5 years.

Employer

Withholding & reporting

Withholding and reporting requirements apply.
Deduction

An employer may be able to claim a tax deduction for the cost of option benefits if it reimburses the parent company pursuant to a written agreement. As a minimum prerequisite, the cost must be an actual expense entered into bookkeeping.

Social insurance

The spread is not subject to social insurance contributions.

Data protection

In order to comply with certain aspects of the data protection requirements, obtaining consent for the processing and transfer of personal data is recommended.

Labor

Option benefits may be considered part of the employment relationship and, consequently, may be included in a severance payment for unlawful termination if options are repeatedly granted to an employee. For instance, in some cases concerning unlawful termination, Finnish courts have ruled in favor of employees to include the value of option awards in damages. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be considered when awarding options.

Communications

Although not required, translation of plan documents is recommended as a contract may be unenforceable if it is concluded in a language that the participant cannot understand.

STOCK PURCHASE RIGHTS

Securities

The EU Prospectus Directive has been implemented into Finnish law and, as of July 21, 2019, the EU Prospectus Regulation is fully applicable. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

Foreign exchange

Purchase rights are not subject to any foreign exchange restrictions.

Tax

Employee

The spread is taxable at purchase and subject to progressive income tax up to 56 percent.
The gain from the sale of shares is subject to tax as capital income at 30 percent up to EUR30,000 and 34 percent for the exceeding part. The loss from the sale of shares can be carried forward up to 5 years.

**Employer**

**Withholding & reporting**

Withholding and reporting requirements apply.

**Deduction**

An employer may be able to claim a tax deduction for the cost of award benefits if it reimburses the parent company pursuant to a written agreement. As a minimum prerequisite, the cost must be an actual expense entered into bookkeeping.

**Social insurance**

The spread is not subject to social insurance contributions.

**Data protection**

In order to comply with certain aspects of the data protection requirements, obtaining consent for the processing and transfer of personal data is recommended.

**Labor**

Purchase right benefits may be considered part of the employment relationship and may be included in a severance payment for unlawful termination if repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the offer document signed by an employee should provide, among other things, that the award of a purchase right is not employment compensation that participation ceases upon termination of employment and that the plan and any purchase rights under it are discretionary. In addition, anti-discrimination rules must be considered when awarding purchase rights.

**Communications**

Although not required, translation of plan documents is recommended, as a contract may be unenforceable if it is concluded in a language that the participant cannot understand.
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FRANCE

RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into French law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from prospectus requirements.

Foreign exchange

Under certain circumstances, employees must declare the transfer of currency to or from France.

Tax

This section covers favorable regimes applicable to qualifying plans.

Employee

For restricted stock and RSUs granted pursuant to a plan authorized as of 01/01/2018

The acquisition gain, which corresponds to the value of free shares on the date of their acquisition, is taxable on the year of the sale in accordance with the progressive scale of income tax (with a maximum rate of 45 percent), with a 50-percent rebate applicable to the part of the acquisition gain below EUR300,000 and is subject to a special 3- to 4-percent surtax on high income.

Capital gain deriving from the transfer of the shares, which corresponds to the difference between the transfer price and the value of the shares on the date of their acquisition, is subject to a 12.8-percent flat tax and a special 3- to 4-percent surtax on high income.

Employer

Withholding & reporting

Reporting requirements apply. No withholding of income tax applies except in certain cases if the employee is a non-French tax resident.
**Deduction**

The costs incurred in connection with the implementation of the restricted stock or the RSU (e.g., costs of repurchase of shares, share capital increase, formalities) are treated as a tax-deductible expense in France.

An employer may be able to claim a tax deduction for the cost of restricted stock and RSU benefits if it reimburses the parent company and the parent company uses treasury shares.

**Social insurance**

**Employee**

*For Restricted Stock and RSUs granted pursuant to a plan authorized as of 01/01/2018*

An acquisition gain below EUR300,000 is subject to social contributions (i.e., CSG-CRDS) at a global rate of 17.2 percent, including 3.4 percent deductible from taxable income.

An acquisition gain above EUR300,000 is subject to social contributions at a global rate of 9.7 percent, including 6.8 percent deductible from taxable income. It is also subject to an employee social contribution at a rate of 10 percent.

Capital gain is subject to social contributions at a global rate of 17.2 percent.

**Employer**

*For Restricted Stock and RSUs granted pursuant to a plan authorized as of 01/01/2018*

The employer will be subject to a contribution to the social security scheme (*contribution sociale patronale*) of 20 percent which is payable within a month following the acquisition date of the shares.

Small and medium enterprises (SMEs) may be exempt from the payment of the employer’s contribution.

*For Restricted Stock and RSUs granted pursuant to a plan authorized as of 01/01/2021*

Mid-cap companies may be exempt from the payment of the employer’s contribution only if no dividend distribution has been made since its incorporation.

**Tax and social regime applicable to non-qualifying plans**

The gains realized upon the vesting of RSUs granted pursuant to non-qualifying plans are treated as salary for tax and social purposes.

As such, vesting gains are subject to the progressive scale of income tax (with a maximum rate of 45 percent) and to a special 3- to 4-percent surtax on high income. As from 2019, income tax on non-qualifying plans are withheld by employers, who are also in charge of withholding income tax on salaries.

From a social standpoint, employer social security charges are due at a maximum rate of approximately 45 percent and employee social security charges are due at a maximum rate of approximately 25 percent, including 22.1 percent deductible for income tax purposes. Both employer and employee social charges are withheld by the
employing entity.

Data protection

Obtaining employee consent for the processing and transfer of personal data is recommended. Employers are also advised to disclose data processing activities to employees. The Commission Nationale de l'Informatique et des Libertés (CNIL) must be notified of any databases that include employees' personal information.

Labor

Shares benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, equality of treatment between employees must be considered when awarding options.

If the employee is terminated without cause and consequently loses their right to receive shares, they will be entitled to specific damages compensating this prejudice.

Communications

Translation

Translation is recommended. Any filings with the government are required to be translated.

Electronic communication

It should be valid for an employee to execute the award agreement electronically.

STOCK OPTIONS

Securities

The EU Prospectus Directive has been implemented into French law. As a general rule, non-transferable options are not considered transferable securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

Foreign exchange

Under certain circumstances, employees must declare the transfer of currency to or from France.

Tax

This section describes the statutory regime.
Employee

For Stock Options granted since 09/28/2012:

For a listed company, the surplus discount (ie, the difference at the time of the grant of the option between the shares value and the purchase price which exceeds 5 percent of the shares value) is taxable on the year when the purchase option is granted and is taxable as salary in accordance with the progressive scale of income tax (maximum 45-percent rate) and is subject to a special 3- to 4-percent surtax on high income..

The acquisition gain (ie, the difference between the value of the shares on the date of exercise of the option and the price of subscription or acquisition of the shares minus the surplus discount already subject to tax, if any) is taxable as salary in accordance with the progressive scale of income tax (maximum 45-percent rate) and is subject to a special 3- to 4-percent surtax on high income. The taxation is set in the year of the exercise of option, but it is taxed in the year of the sale of the shares.

The capital gain (ie, the difference between the sale price and the value of the shares on the date of exercise of the option) received when the shares are sold is taxable the year of the sale by application of a 12.8-percent flat tax and a special 3- to 4-percent surtax on high income.

Employer

Withholding & reporting

Reporting requirements apply.

Only social charges on surplus discount are subject to withholding requirements.

No withholding requirements for income tax on qualifying options except, in certain cases, if the employee is non-French tax resident.

Deduction

The costs incurred in connection with the implementation of the stock option (eg, costs of repurchase of shares, share capital increase, formalities) are treated as a tax-deductible expense in France.

An employer may be able to claim a tax deduction for the cost of option benefits if it reimburses the parent company and the parent company uses treasury shares. The deduction is limited to the difference between the exercise price paid and the purchase price paid by the parent company to reacquire the shares.

Social insurance

Employee

For Stock Options granted since 09/28/2012

The surplus discount, if any, is subject to social contributions (ie, CSG-CRDS at a global rate of 9.7 percent) and employee social charges (around 25 percent, subject to various caps and thresholds). Said social contributions and charges are withheld by the employer.
Acquisition gain is subject to social contributions (ie, CSG-CRDS) at a global rate of 9.7 percent (including 6.8 percent deductible from taxable income). It is also subject to an employee social contribution at a rate of 10 percent.

Capital gain is subject to social contributions (ie, CSG-CRDS) at a global rate of 17.2 percent (including 6.8 percent deductible from taxable income), due by the employee.

**Employer**

*For Stock Options grant since 09/28/2012*

At the time of grant of the option, the employer will be subject to a contribution to the social security scheme (*contribution sociale patronale*) of 30 percent with respect to stock options on either:

- The fair value of the shares as estimated when drawing up the consolidated annual accounts or
- 25 percent of the value of the shares that the stock options relate to, payable within a month from the grant of stock options.

The surplus discount, if any, is subject to social employer charges amounting to approximately 45 percent, subject to various caps and thresholds.

There is no additional contribution if the employer provides information to the social security administration or URSSAF (ie, the identity of the employee or manager who received shares in the last year, number and value of the shares).

In case of violation of this reporting obligation, the acquisition gain is subject to social contribution as salary. The employer is liable for the employee's 25-percent portion in addition to its own 45-percent portion.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended. Employers are also advised to disclose data processing activities to employees. The Commission Nationale de L'Informatique et des Libertés (CNIL) must be notified of any databases that include employees' personal information.

**Tax and social regime applicable to non-qualifying plans**

The gains realized upon vesting of stock options granted pursuant to non-qualifying plans are treated as salary for tax and social purposes.

As such, vesting gains are subject to the progressive scale of income tax (with a maximum rate of 45 percent) and to a special 3- to 4-percent surtax on high income. As from 2019, income tax on non-qualifying plans are withheld by employers, who are also in charge of withholding income tax on salaries.

From a social standpoint, employer social security charges are due at a maximum rate of approximately 45 percent and employee social security charges are due at a maximum rate of approximately 25 percent, including 22.1 percent deductible for income tax purposes. Both employer and employee social charges are withheld by the employing entity.
Labor

Option benefits may be considered part of the employment relationship and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

In addition, equality of treatment between employees must be considered when awarding options. If the employee is terminated without cause and consequently loses their right to exercise their option, the employee will be entitled to specific damages compensating this prejudice.

Communications

Although not required, translation of plan documents is recommended as a contract may be unenforceable if it is concluded in a language that the participant cannot understand.

STOCK PURCHASE RIGHTS

Securities

The EU Prospectus Directive has been implemented into French law. Generally, purchase rights are considered transferable securities. Accordingly, unless an offer of purchase rights is otherwise exempt (e.g., the 150-person exemption), a prospectus is required.

We understand that Stock Purchase Rights must be assimilated to a non-qualified stock option plan in France. (This analysis must be confirmed on a case-by-case basis.)

Foreign exchange

Under certain circumstances, employees must declare the transfer of currency to or from France.

Tax

Employee

The acquisition gain (i.e., the difference between the value of the shares at the end of the subscription period and the price of subscription or acquisition of the shares) is taxable as salary in accordance with the progressive scale of income tax (with a maximum rate of 45 percent) and, as the case may be, is subject to a special 3- to 4-percent surtax on high income. The acquisition gain is taxable during the year of purchase.

The capital gain (i.e., the difference between the sale price and the value of the shares on the date of exercise of the option) received when the shares are sold is taxable in the year of the sale by application of a 12.8-percent flat tax and a special 3- to 4-percent surtax on high income.
Employer

**Withholding & reporting**

Reporting requirements apply.

The acquisition gain on non-qualified plans is subject to withholding requirements as from 2019.

**Deduction**

The costs incurred in connection with the implementation of the stock option (eg, costs of repurchase of shares, share capital increase, formalities) are treated as a tax-deductible expense in France.

An employer may be able to claim a tax deduction for the cost of purchase rights if it reimburses the parent company and the parent company uses treasury shares. The deduction is limited to the difference between the purchase price paid and the price paid by the company to reacquire the shares.

**Social insurance**

**Employee**

The acquisition gain is subject to social charges (eg, CSG-CRDS at a global rate of 9.7 percent, a social employee contribution of around 25 percent) due by the employer.

Capital gain is subject to social charges (ie, CSG-CRDS) at a global rate of 17.2 percent, including 6.8 percent deductible from taxable income, due by the employee.

**Employer**

Subject to social security contribution of approximately 45 percent due by the employer.

Acquisition gain social charges are subject to withholding requirements.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

Purchase rights may be considered part of the employment relationship and may be included in a severance payment if repeatedly granted to an employee. In order to minimize the risk of employee entitlement claims, the offer documents signed by an employee should provide, among other things, that the award of a purchase right is not employment compensation, that participation ceases upon termination of employment and that the plan, and any purchase rights under the plan, are discretionary. In addition, anti-discrimination rules must be considered when awarding purchase rights.

**Communications**
Translation

Translation is recommended. Any filings with the government are required to be translated.

Electronic communication

It should be valid for an employee to execute the plan documents electronically.

KEY CONTACTS

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into German law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from the prospectus requirements. In each case, however, an analysis is required, whether the offer or assignment of restricted stock or RSU encompasses a hidden contribution. In this case a prospectus can be required, unless other exemptions from the prospectus requirement apply (eg, the 150-person exemption).

Foreign exchange

Reporting may be required for certain bank transactions.

Tax

Employee

Restricted stock is generally taxed upon grant, provided economic power of disposal is obtained at such point in time. In case of uncertainty, as is often the case, strategies to prevent liability risks for the employer would generally include an application by the employer for a wage tax ruling.

RSUs are generally taxed upon vesting.

The sale of shares is subject to tax at a special capital gains tax rate.

Employer

Withholding & reporting

Tax withholding and reporting requirements apply.

Deduction
Reimbursement of the parent company for the cost of the benefit pursuant to an advance written agreement should enable the subsidiary to deduct such cost from its income tax.

**Social insurance**

Restricted stock and RSUs are subject to social insurance obligations, up to a cap.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended. The consent must be easily discernible in appearance (e.g., in an alternate font or typeface) if it is given in conjunction with other declarations. Employers are required to amend their internal records of data processing operations accordingly. Starting from May 25, 2018 a new Data protection law will apply (BDSG-new). Under the BDSG-new employee consent will only be valid if given freely. Consent may be deemed to be given freely if it is associated with a legal or economic advantage for the employee, or if the employer and employee are pursuing the same interests. Processing in connection with restricted stock and RSUS entails such an economic advantage for the employee. Consent must be given in writing.

**Labor**

Restricted stock and RSU benefits may be considered part of the employment relationship, and, depending on negotiations between the parties, may be included in a severance payment. However, please note that there are no mandatory severance payments in Germany. In order to avoid the fact that the benefits are considered part of the employment remuneration, we recommend that they are not granted by the German employer, but by a foreign company, in which case it is also possible to agree that the contract shall be governed by foreign law (e.g., benefits being granted by a US parent company and choice of law being US law). If German law governs the agreement, it will not be possible to grant the benefits on a discretionary basis. In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs. Also, if German law applies and if one exists, the German works council has to be notified in advance of the planned offering’s terms and conditions. The works council has an enforceable co-determination right with respect to the way the benefits are granted. This can also be avoided if the restricted stock and RSUs are being offered by a US parent company and the transaction documents are governed by US law.

**Communications**

Translation

Although not required, it is recommended that documents regarding restricted stock and RSUs be translated. Any filings with the government are required to be translated.

Electronic communication

It should be valid for an employee to execute the award agreement electronically.

**STOCK OPTIONS**

**Securities**
The EU Prospectus Directive has been implemented into German law. Generally, options are considered transferable securities. Accordingly, unless an offer of options is otherwise exempt (eg, the 150-person exemption), a prospectus is required.

*Foreign exchange*

Reporting may be required for certain bank transactions.

*Tax*

**Employee**

The spread is taxable at exercise subject to a possible beneficial tax rate.

The sale of shares is subject to tax at a special capital gains tax rate.

**Employer**

*Withholding & reporting*

Tax withholding and reporting requirements apply.

*Deduction*

Reimbursement of the parent company for the cost of the benefit (eg, the spread) pursuant to an advance written agreement should enable the subsidiary to deduct such cost from its income tax.

*Social insurance*

The spread is subject to social insurance obligations, up to a cap.

*Data protection*

Obtaining employee consent for the processing and transfer of personal data is recommended. The consent must be easily discernible in appearance (eg, in an alternate font or typeface) if it is given in conjunction with other declarations. Employers are required to amend their internal records of data processing operations accordingly. Starting from May 25, 2018 a new Data protection law will apply (BDSG-new). Under the BDSG-new employee consent will only be valid if given freely. Consent may be deemed to be given freely if it is associated with a legal or economic advantage for the employee, or if the employer and employee are pursuing the same interests. Processing in connection with restricted stock and RSUS entails such an economic advantage for the employee. Consent must be given in writing.

*Labor*

Option benefits may be considered part of the employment relationship and, depending on negotiations between the parties, may be included in a severance payment. However, please note there are no mandatory severance payments in Germany. In order to avoid that the option benefits are considered part of the employment remuneration we recommend that they are not granted by the German employer, but by a foreign company, in
which case it is also possible to agree that the contract shall be governed by foreign law (e.g., option benefits being granted by a US parent company and agreement that the choice of law being US law). If German law governs the agreement, it will not be possible to grant the option benefits on a discretionary basis. In addition, anti-discrimination rules need to be considered when awarding stock options. Also, if German law applies and if one exists, the German works council has to be notified in advance of the planned offering’s terms and conditions as the works council has an enforceable co-determination right with respect to the way the option benefits are granted. This can also be avoided if the option benefits are being offered by a US parent company and the transaction documents are governed by US law.

Communications

Translation

Although not required, it is recommended that documents regarding option plans be translated. Any filings with the government are required to be translated.

Electronic communication

It should be valid for an employee to execute the award agreement electronically.

STOCK PURCHASE RIGHTS

Securities

The EU Prospectus Directive has been implemented into German law. Purchase rights can qualify as transferable securities or an offer to purchase transferable securities (e.g., shares). Accordingly, unless an offer of a purchase right is otherwise exempt (e.g., the 150-person exemption), a prospectus is required.

Foreign exchange

Reporting may be required for certain transactions handled by banks.

Tax

Employee

The spread is taxable at purchase subject to a possible exemption.

The sale of shares is subject to tax at a special capital gains tax rate.

Employer

Withholding & reporting

Tax withholding and reporting requirements apply.

Deduction
Reimbursement of the parent company for the cost of the benefit (e.g., the spread) pursuant to an advance written agreement should enable the subsidiary to deduct such cost from its income tax.

**Social insurance**

The spread is subject to social insurance obligations, up to a cap.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended. The consent must be easily discernible in appearance (e.g., in an alternate font or typeface) if it is given in conjunction with other declarations. Employers are required to amend their internal records of data processing operations accordingly. Starting from May 25, 2018 a new Data protection law will apply (BDSG-new). Under the BDSG-new employee consent will only be valid if given freely. Consent may be deemed to be given freely if it is associated with a legal or economic advantage for the employee, or if the employer and employee are pursuing the same interests. Processing in connection with restricted stock and RSUS entails such an economic advantage for the employee. Consent must be given in writing.

**Labor**

Payroll deductions should be deposited in a separate bank account held in trust for employees.

Purchase rights may be considered part of the employment relationship, and, depending on negotiations between the parties, may be included in a severance payment. However, please note that there are no mandatory severance payments in Germany. In order to avoid the fact that the purchase rights are considered part of the employment remuneration, we recommend that they are not granted by the German employer, but by a foreign company, in which case it is also possible to agree that the contract shall be governed by foreign law (e.g., purchase rights being granted by a US parent company and a choice of law being US law). If German law governs the agreement, it will not be possible to grant the purchase rights on a discretionary basis. In addition, anti-discrimination rules need to be considered when awarding purchase rights. In light of German banking laws, which may be interpreted to pose restrictions on payroll deductions, alternative arrangements may be considered for contributions to the plan. Also, if German law applies and one exists, the German works council has to be notified in advance of the planned offering’s terms and conditions as the works council has an enforceable co-determination right with respect to the way the purchase rights are granted. This can also be avoided if the purchase rights are being offered by a US parent company and the contract is governed by US law.

**Communications**

**Translation**

Although not required, it is recommended that documents regarding purchase plans be translated. Any filings with the government are required to be translated.

**Electronic communication**

It should be valid for an employee to execute the plan documents electronically.
KEY CONTACTS

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GREECE

RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Regulation applies in Greece from July 21, 2019. The Greek Parliament has published Law 4706/2020, Part B Chapter C of which implemented certain provisions of the aforesaid regulation. Consequently, the Hellenic Capital Market Commission currently applies the provisions of the EU Prospectus Regulation, in combination with the relevant provisions of Law 4706/2020. The award of restricted stock or RSUs is generally exempt from the prospectus requirements.

Foreign exchange

Restricted stock and RSUs are not subject to foreign exchange restrictions.

Tax

Employee

Restricted stock is not taxed upon grant or upon vesting.

Upon the sale of the shares, any benefit is subject to capital gains tax at a 15% flat rate and special solidarity contribution at progressive rates up to 10%.

In case of listed shares: the taxable benefit is equal to the value of the shares at vesting (i.e. the closing trading value of the shares at the day of their vesting). If the disposal value of the shares is higher that their value at vesting, then the positive difference is taxable exempt from capital gains tax and is subject only to special solidarity contribution, assuming the employee owns less than 0.5% of the share capital of the issuing company.

In case of non-listed shares: the taxable benefit is the highest between the disposal value of the shares and the value of the shares at vesting (based on the net asset value of the shares for accounting purposes).

RSUs are not taxed upon grant or upon vesting.

Upon the sale of the shares, any benefit is subject to capital gains tax at a 15% fixed rate and special solidarity
contribution at progressive rates up to 10%.

In case of listed shares: the taxable benefit is equal to the value of the shares at vesting (i.e. the closing trading value of the shares at the day of their vesting). If the disposal value of the shares is higher than their value at vesting, then the positive difference is taxable exempt from capital gains tax and is subject only to special solidarity contribution, assuming the employee owns less than 0.5% of the share capital of the issuing company.

In case of non-listed shares: the taxable benefit is the highest between the disposal value of the shares and the value of the shares at vesting (based on the net asset value of the shares for accounting purposes).

**Employer**

**Withholding & reporting**

If the subsidiary takes a local tax deduction for reimbursing the parent company for the cost of the restricted stock or RSU benefits, employer reporting is required.

The Employer is not required to withhold any tax, however, is required to report the vesting of the RSUs or the restricted stock through the monthly withholding tax return for informational purposes. Further, the Employer is required to provide to its employees with a separate annual payroll certificate regarding the stock options that were exercised.

**Deduction**

A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the restricted stock and RSU benefits.

**Social insurance**

Typically, according to the existing social security legislation, restricted stock and RSUs are subject to social insurance at vesting. However, a new social security reform is anticipated very soon and, therefore, given that there were recent changes in the tax treatment of the aforementioned benefits, similar changes may also arise in the social security treatment of same.

**Data protection**

The Employer will keep a file of and process employees' personal data necessary for the award of restricted stock or RSUs and thereby, for the performance of their employment agreement. In this context, the Employer, under its capacity as the data controller, shall ensure that such processing is carried out in compliance with applicable data protection and privacy laws, rules and regulations, and especially with the General Data Protection Regulation 2016/679 (GDPR), Law 4624/2019 including implementation measures of the GDPR in Greece, the decisions, guidelines and opinions issued by the competent Data Protection Authority, as well as any other applicable law amending, supplementing or replacing the GDPR. Appropriate data protection procedures shall be in place, especially in regard with information obligations according to Articles 13 and 14 of the GDPR. A personal data protection notice shall be provided to employees prior to any data processing including all necessary information in a clear and plain language they understand and sufficiently capturing participation in the award plan that must be operated in accordance with the applicable personal data protection notice. The roles of the entities having access and processing employees’ personal data shall be distinguished and pre-determined. In case of transfers of...
employees’ personal data to recipients located outside of the EU or the European Economic Area, such as in the US or the UK, where the data protection laws may not provide a level of protection equivalent to the GDPR, employers shall enter into any appropriate data transfer agreements based on Standard Contractual Clauses approved by the European Commission, and shall implement any other necessary supplementary measures to ensure an adequate level of data protection. In the third country in compliance with CJEU’s decision in the case C 311/18 “Data Protection Commissioner of Ireland v. Facebook & Max Schrems” (Schrems II) and relevant “Recommendations 01/2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data” issued by the European Data Protection Board, as well as any upcoming decision, guidelines etc. by the competent institutions.

**Labor**

Restricted stock and RSU benefits may be considered part of the employment relationship and may be included in a severance payment if restricted stock and RSUs are repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the award agreement signed by an employee should provide, among other things, that the award of restricted stock or RSUs is not employment compensation, that vesting of an award ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, antidiscrimination rules must be considered when awarding restricted stock or RSUs.

**Communications**

**Translation**

Translation is not required, so long as the employees acknowledge that they understand the grant materials. Any filings with the government are required to be translated.

**Electronic communication**

It should be valid for an employee to execute the award agreement electronically.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Regulation applies in Greece from July 21, 2019. The Greek Parliament has published Law 4706/2020, Part B Chapter C of which implemented certain provisions of the aforesaid regulation. Consequently, the Hellenic Capital Market Commission currently applies the provisions of the EU Prospectus Regulation, as in force, in combination with the relevant provisions of Law 4706/2020. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the exemption concerning shares offered, allotted or to be allotted by an issuer to the members of its board of directors or to its employees or the 150-person exemption). Prior to the offer of such options to the designated recipients, an informative document with the basic principles of the relevant program should be submitted to the Hellenic Capital Market Commission.

**Foreign exchange**

Reporting may be required in connection with foreign exchange transactions.
**Tax**

**Employee**

Stock options are not taxed upon grant or upon exercise.

Upon disposal:

If the stock acquired through the exercise of stock options is disposed within 24 months (or 36 in the case of startup companies) from the grant of such stock options, then upon exercise, any benefit difference between their market value upon exercise and their exercise value) is subject to personal income tax at progressive rates of up to 44 percent and special solidarity contribution at progressive rates of up to 10 percent (employment income is in principle exempt from special solidarity contribution for the Tax Year 2021). In that case, upon the sale of the stock disposed before the 24-month holding period (or 36 in the case of startup companies), any capital gains are taxable as per the general provisions.

If the stock acquired through the exercise of the stock is disposed after 24 months (or 36 in the case of startup companies) from the grant of such stock options, then upon disposal, any benefit (difference between their market value upon exercise and their exercise value) is subject to personal income tax at a flat rate of 15 percent (or 5 percent for startup companies) and special solidarity contribution at progressive rates of up to 10 percent. In that case, no taxable event occurs upon exercise.

If the disposal value of the shares is higher than their market value upon exercise, then any difference is taxable as capital gains as per the general provisions. For listed companies, such capital gains are exempt from personal income (capital gains) tax and are subject to special solidarity contribution, assuming that the employee owns less than 0.5% of the share capital of the issuing company. For non-listed shares, such capital gains are subject to personal income tax at a flat rate of 15 percent and special solidarity contribution at progressive rates of up to 10 percent.

**Employer**

**Withholding & reporting**

If the subsidiary takes a local tax deduction for reimbursing the parent company for the cost of the option benefits, employer is required.

The Employer is not required to withhold any tax, however, is required to report the exercise of the stock options through the monthly withholding tax return for informational purposes. Further, the Employer is required to provide to its employees with a separate annual payroll certificate regarding the stock options that were exercised.

**Deduction**

A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the option benefits.

**Tax-favored**
Startup companies, which are eligible for preferential tax treatment, meet the following criteria:

1) They are not listed

2) They are considered as “small” or “very small” entities (for Greek Accounting Standard purposes)

3) The stock options are granted within 5 years after its formation

4) The company has been formed as result of a merger and

5) The stock acquired through the exercise of the stock options has been disposed at least 36 months after the grant of such options.

**Social insurance**

Typically, according to the existing social security legislation, restricted stock and RSUs are subject to social insurance at vesting. However, a new social security reform is anticipated very soon and, therefore, given that there were recent changes in the tax treatment of the aforementioned benefits, similar changes may also arise in the social security treatment of same.

**Data protection**

The Employer will keep a file of and process employees’ personal data necessary for the award of stock options and thereby for the performance of their employment agreement. In this context, the Employer, under its capacity as the data controller, shall ensure that such processing is carried out in compliance with applicable data protection and privacy laws, rules and regulations, and especially with the General Data Protection Regulation 2016/679 (GDPR), Law 4624/2019 including implementation measures of the GDPR in Greece, the decisions, guidelines and opinions issued by the competent Data Protection Authority as well as any other applicable law amending, supplementing or replacing the GDPR. Appropriate data protection procedures shall be in place, especially in regard with information obligations according to Articles 13 and 14 of the GDPR. A personal data protection notice shall be provided to employees prior to any data processing including all necessary information in a clear and plain language they understand and sufficiently capturing participation in the award plan that must be operated in accordance with the applicable personal data protection notice. The roles of the entities having access and processing employees’ personal data shall be distinguished and pre-determined. In case of transfers of employees’ personal data to recipients located outside of the EU or the European Economic Area, such as in the US or the UK, where the data protection laws may not provide a level of protection equivalent to the GDPR, employers shall enter into any appropriate data transfer agreements based on Standard Contractual Clauses approved by the European Commission, and shall implement any other necessary supplementary measures to ensure an adequate level of data protection in the third country in compliance with CJEU’s decision in the case C 311/18 “Data Protection Commissioner of Ireland v. Facebook & Max Schrems” (Schrems II) and relevant “Recommendations 01/2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data” issued by the European Data Protection Board, as well as any upcoming decision, guidelines etc. by the competent institutions.

**Labor**

Option benefits may be considered part of the employment relationship, and may be included in a severance payment if options are repeatedly granted to an employee. In order to reduce the risk of employee entitlement
claims, the award agreement signed by an employee should provide, among other things, that the award of an option is not employment compensation, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

**Communications**

**Translation**

Translation is not required, so long as the employees acknowledge that they understand the grant materials. Any filings with the government are required to be translated.

**Electronic communication**

It should be valid for an employee to execute the award agreement electronically.

**STOCK PURCHASE RIGHTS**

**Securities**

The EU Prospectus Regulation applies in Greece from July 21, 2019. The Greek Parliament has published the Law 4706/2020, Part B Chapter C of which implemented certain provisions of the aforesaid Regulation. Consequently, the Hellenic Capital Market Commission currently applies the provisions of the EU Prospectus Regulation, as in force, in combination with the relevant provisions of Law 4706/2020. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the exemption concerning shares offered, allotted or to be allotted by an employer to its employees or the 150-person exemption). Prior to the offer of such rights to the designated recipients, an informative document with the basic principles of the relevant program should be submitted to the Hellenic Capital Market Commission.

**Foreign exchange**

Reporting may be required in connection with foreign exchange transactions.

**Tax**

**Employee**

Stock purchase plans are not taxed upon grant or upon exercise.

Upon disposal:

If the purchased stock is disposed within 24 months (or 36 in the case of startup companies) from the grant of such stock purchase rights, then upon vesting, any benefit (difference between their market value upon vesting and their purchase value) is subject to personal income tax at progressive rates of up to 44 percent and special solidarity contribution at progressive rates of up to 10 percent (employment income is in principle exempt from special solidarity contribution for the Tax Year 2021). In that case, upon the sale of the stock disposed before the 24-month holding period (or 36 in the case of startup companies), any capital gains are taxable as per the general provisions.
If the stock purchase is disposed after 24 months (or 36 in the case of startup companies) from the grant of such stock purchase rights, then upon disposal, any benefit (difference between their market value upon vesting and their purchase value) is subject to personal income tax at a flat rate of 15 percent (or 5 percent for startup companies) and special solidarity contribution at progressive rates of up to 10 percent. In that case, no taxable event occurs upon exercise.

If the disposal value of the shares is higher than their market value upon vesting, then any difference is taxable as capital gains as per the general provisions. For listed companies, such capital gains are exempt from personal income (capital gains) tax and are subject to special solidarity contribution, assuming that the employee owns less than 0.5% of the share capital of the issuing company. For non-listed shares, such capital gains are subject to personal income tax at a flat rate of 15 percent and special solidarity contribution at progressive rates of up to 10 percent.

**Employer**

**Withholding & reporting**

If the subsidiary takes a local tax deduction for reimbursing the parent company for the cost of the benefits, employer reporting is required.

The Employer is not required to withhold any tax, however, is required to report the vesting of the stock purchase rights through the monthly withholding tax return for informational purposes. Further, the Employer is required to provide to its employees with a separate annual payroll certificate regarding the stock options that were exercised.

**Deduction**

A local tax deduction is allowed if the subsidiary reimburses the parent company for the cost of the benefits.

**Tax-favored**

“Startup” companies, which are eligible for preferential tax treatment, meet the following criteria:

1) They are not listed;

2) They are considered as “small” or “very small” entities (for Greek Accounting Standard purposes);

3) The stock purchase rights are granted within 5 years after its formation;

4) The company has been formed as result of a merger and

5) The stock acquired through the exercise of the stock purchase right has been disposed at least 36 months after the grant of such purchase right.

**Social insurance**

Typically, according to the existing social security legislation, restricted stock and RSUs are subject to social insurance at vesting. However, a new social security reform is anticipated very soon and, therefore, given that
there were recent changes in the tax treatment of the aforementioned benefits, similar changes may also arise in the social security treatment of same.

**Data protection**

The Employer will keep a file of and process employees’ personal data necessary for the award of stock purchase rights and thereby for the performance of their employment agreement. In this context, the Employer, under its capacity as the data controller, shall ensure that such processing is carried out in compliance with applicable data protection and privacy laws, rules and regulations, and especially with the General Data Protection Regulation 2016/679 (GDPR), Law 4624/2019 including implementation measures of the GDPR in Greece, the decisions, guidelines and opinions issued by the competent Data Protection Authority, as well as any other applicable law amending, supplementing or replacing the GDPR. Appropriate data protection procedures shall be in place, especially in regard with information obligations according to Articles 13 and 14 of the GDPR. A personal data protection notice shall be provided to employees prior to any data processing including all necessary information in a clear and plain language they understand and sufficiently capturing participation in the award plan that must be operated in accordance with the applicable personal data protection notice. The roles of the entities having access and processing employees’ personal data shall be distinguished and pre-determined. In case of transfers of employees’ personal data to recipients located outside of the EU or the European Economic Area, such as in the US or UK, where the data protection laws may not provide a level of protection equivalent to the GDPR, employers shall enter into any appropriate data transfer agreements based on Standard Contractual Clauses approved by the European Commission and shall implement any other necessary supplementary measures to ensure an adequate level of data protection in the third country in compliance with CJEU’s decision in the case C 311/18 “Data Protection Commissioner of Ireland v. Facebook & Max Schrems” (Schrems II) and relevant “Recommendations 01/2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data” issued by the European Data Protection Board, as well as any upcoming decision, guidelines etc. by the competent institutions.

**Labor**

Purchase rights may be considered part of the employment relationship and may be included in a severance payment if repeatedly granted to an employee. In order to reduce the risk of employee entitlement claims, the offer documents signed by an employee should provide, among other things, that the purchase right is not employment compensation, that participation ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding purchase rights.

**Communications**

**Translation**

Translation is not required, so long as the employees acknowledge that they understand the grant material. Any filings with the government are required to be translated.

**Electronic communication**

It should be valid for an employee to execute the plan documents electronically.
KEY CONTACTS

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HONG KONG, SAR

RESTRICTED STOCK AND RSUS

Securities

Schemes related to securities listed on the Main Board and the Growth Enterprise Market (GEM) of the Stock Exchange of Hong Kong Limited shall comply with Chapter 17 of the Main Board Listing Rules and Chapter 23 of the GEM Listing Rules respectively.

Foreign exchange

There is no foreign exchange control in Hong Kong.

Tax

Employee

Restricted stock is taxed upon vesting.

RSUs are taxed upon vesting. If RSUs are not subject to vesting, then they will be taxed upon grant.

Restricted stock and RSUs are not subject to tax upon sale.

Employer

Withholding & reporting

There are no withholding requirements. Restricted stock and RSU benefits must be reported annually with the employee’s salary.

Deduction

Issuing of new shares to fulfill the restricted stock and RSU obligations are not deductible. Where the obligation is met by acquiring shares from the market, the costs are deductible when the vesting conditions have been satisfied. When the restricted stock and RSUs are discharged by recharge arrangement between group companies, provided
that there is a written recharge agreement and that certain requirements are met, deduction maybe allowable. Note that where the shares are subsequently forfeited or cancelled, any deduction previously allowed should be written back as trading receipt and offered for assessment.

**Social insurance**

Not applicable for this jurisdiction.

**Data protection**

Notification for the collection, processing and transfer of personal data is required. There is no current requirement to register with the data protection authority. That said, the data protection authority is considering implementing the registration requirement in phases. To comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the transfer of personal data outside of Hong Kong.

**Labor**

Payroll deductions are not permitted, except with the written request of the employee and approval of the Commissioner of Labor. Benefits under restricted stock and RSUs are generally considered part of the employment relationship. They are normally counted towards wages and all related benefits of employees (including the Mandatory Provident Fund).

**Communications**

If the employee has limited proficiency in English, it is recommended that plan documents be translated into Chinese.

**STOCK OPTIONS**

**Securities**

Schemes related to securities listed on the Main Board and the Growth Enterprise Market (GEM) of the Stock Exchange of Hong Kong Limited shall comply with Chapter 17 of the Main Board Listing Rules and Chapter 23 of the GEM Listing Rules respectively.

**Foreign exchange**

There is no foreign exchange control in Hong Kong.

**Tax**

**Employee**

The spread is taxable upon exercise. Employees shall report benefits derived from the exercise of stock options in their Tax Return – Individuals (BIR60) for the relevant year of assessment.
Shares are not subject to tax upon sale.

**Employer**

**Withholding & reporting**

There are no withholding requirements. Option benefits must be reported annually with the employee's salary.

**Deduction**

Issuing of new shares to fulfil a stock option obligation is not deductible. Where the obligation is met by acquiring shares from the market, the costs are deductible when the vesting conditions have been satisfied. When a stock option is discharged by recharge arrangement between group companies, provided that there is a written recharge agreement and that certain requirements are met, deduction may be allowable. Note that where any stock options are subsequently forfeited or cancelled, any deduction previously allowed should be written back as a trading receipt and offered for assessment.

**Social insurance**

Not applicable for this jurisdiction.

**Data protection**

Notification for the collection, processing and transfer of personal data is required. There is no current requirement to register with the data protection authority. That said, the data protection authority is considering implementing the registration requirement in phases. To comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the transfer of personal data outside of Hong Kong.

**Labor**

Payroll deductions are not permitted, except with the written request of the employee and approval of the Commissioner for Labor.

Options benefits under common stock options are generally considered part of the employment relationship. They are normally counted towards wages and all related benefits of employees (including the Mandatory Provident Fund).

**Communications**

If the employee has limited proficiency in English, it is recommended that plan documents be translated into Chinese.

**STOCK PURCHASE RIGHTS**

**Securities**
Schemes related to securities listed on the Main Board and the Growth Enterprise Market (GEM) of the Stock Exchange of Hong Kong Limited shall comply with Chapter 17 of the Main Board Listing Rules and Chapter 23 of the GEM Listing Rules respectively.

**Foreign exchange**

There is no foreign exchange control in Hong Kong.

**Tax**

**Employee**

The spread is taxable upon purchase. Employees shall report benefits derived from the exercise of stock purchase rights in their Tax Return – Individuals (BIR60) for the relevant year of assessment.

Shares are not subject to tax upon sale.

**Employer**

**Withholding & reporting**

There are no withholding requirements. The spread in respect of purchases must be reported annually with the employee’s salary.

**Deduction**

Issuing of new shares to fulfil a stock purchase rights obligation is not deductible. Where the obligation is met by acquiring shares from the market, the costs are deductible when the vesting conditions have been satisfied. When stock purchase rights are discharged by recharge arrangement between group companies, provided that there is a written recharge agreement and that certain requirements are met, deduction may be allowable. Note that where any stock purchase rights are subsequently forfeited or cancelled, any deduction previously allowed should be written back as a trading receipt and offered for assessment.

**Social insurance**

Not applicable for this jurisdiction.

**Data protection**

Notification for the collection, processing and transfer of personal data is required. There is no current requirement to register with the data protection authority. That said, the data protection authority is considering implementing the registration requirement in phases. To comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the transfer of personal data outside of Hong Kong.

**Labor**

Payroll deductions are not permitted, except with the written request of the employee and approval of the
Commissioner for Labor.

Benefits from exercise of stock purchase rights are generally considered part of the employment relationship. They are normally counted towards wages and all related benefits of employees (including the Mandatory Provident Fund).

Communications

If the employee has limited proficiency in English, it is recommended that plan documents be translated into Chinese.

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Hungarian law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from the prospectus requirements.

Foreign exchange

Restricted stock and RSUs generally are not subject to any foreign exchange restrictions.

Tax

Employee

Restricted stock and RSUs are taxed upon vesting.

Proceeds from the acquisition of shares and the subsequent sale of shares are subject to tax.

Employer

Withholding & reporting

Withholding and reporting requirements may apply if the subsidiary provides the benefits to the employees. Nonetheless, if the parent company provides the benefits, the subsidiary may opt for fulfilling withholding and reporting obligations.

Deduction

Reimbursement of the parent company for the cost of the benefits should enable the subsidiary to deduct such cost from its income taxes.

Tax-favored
Favorable tax treatment is available for restricted stock and RSUs if they are issued under an employee stock ownership plan. If the stock is issued via a special employee stock ownership plan organization, the taxation is even more favorable. The favorable tax treatment is subject to further conditions.

**Social insurance**

Generally, the employee must pay social insurance/health tax on the taxable amount.

**Data protection**

Employee consent is generally required for the processing and transfer of personal data.

**Labor**

To decrease the likelihood of employee entitlement claims, employees should expressly agree in writing that:

- Participation in the restricted stock or RSU plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs.

**Communications**

**Translation**

Although it is not legally required, it is recommended that documents related to employee equity award plans be translated. Any filings with the government are required to be translated.

**Electronic communication**

It is generally acceptable for award agreements to be electronically executed.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Directive has been implemented into Hungarian law. As a general rule, non-transferable options are not considered a security subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

**Foreign exchange**

Options generally are not subject to any foreign exchange restrictions.

**Tax**
Employee

Generally, at the grant date no tax liability arises.

Proceeds from the acquisition of shares and the subsequent sale of shares are subject to tax.

Employer

Withholding & reporting

Withholding and reporting requirements may apply if the subsidiary provides the benefits to the employees. Nonetheless, if the parent company provides the benefits, the subsidiary may opt for fulfilling withholding and reporting obligations.

Deduction

Reimbursement of the parent company for the cost of the option benefits (e.g., the spread) should enable the subsidiary to deduct such cost from its income taxes.

Tax-favored

Favorable tax treatment may be available for options if they are offered via a special (ESOP) organization, subject to further conditions.

Social insurance

Generally, proceeds from the acquisition of shares and the subsequent sale of shares are subject to social tax.

Data protection

Employee consent is generally required for the processing and transfer of personal data.

Labor

To decrease the likelihood of employee entitlement claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding options.

Communications

Translation

Although it is not legally required, it is recommended that documents regarding employee option plans be translated.
Electronic communication

It is generally acceptable for award agreements to be electronically executed.

**STOCK PURCHASE RIGHTS**

*Securities*

The EU Prospectus Directive has been implemented into Hungarian law. As a general rule, non-transferable purchase rights are not considered a security subject to the Prospectus Directive. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption). The Hungarian securities authority must be informed of each securities offer by the employer within 15 days of the grant date.

*Foreign exchange*

Purchase rights generally are not subject to any foreign exchange restrictions.

*Tax*

**Employee**

Generally, at the grant date no tax liability arises.

Proceeds from the acquisition and the subsequent sale of shares are subject to tax.

**Employer**

*Withholding & reporting*

Withholding and reporting requirements may apply if the subsidiary provides the benefits to the employees. Nonetheless, if the parent company provides the benefits, the subsidiary may opt for fulfilling withholding and reporting obligations.

*Deduction*

Reimbursement of the parent company for the cost of the benefits should enable the subsidiary to deduct such cost from its income taxes.

*Tax-favored*

Favorable tax treatment may be available for purchase rights if they are offered via a special ESOP organization, subject to further conditions.

*Social insurance*

Generally, proceeds from the acquisition of shares and the subsequent sale of shares are subject to social tax.
**Data protection**

Employee consent is generally required for the processing and transfer of personal data.

**Labor**

To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding purchase rights.

**Communications**

**Translation**

Although it is not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filings with the government are required to be translated.

**Electronic communication**

It is generally acceptable for offer documents to be electronically executed.

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INDIA

RESTRICTED STOCK AND RSUS

Securities

There generally are no affirmative securities requirements associated with the grant of restricted stock and RSUs.

Foreign exchange

Restricted stock and RSUs are not subject to foreign exchange restrictions, as no funds are remitted out of India.

Generally, sale proceeds must be repatriated within 90 days of the transaction.

Tax

Employee

Restricted stock and RSUs are taxed upon vesting. However, this amount must be determined in accordance with the fair market value of the shares as determined by a licensed Indian Merchant Banker.

Proceeds from the sale of shares are subject to tax. The shares being treated as capital assets, the sale would be subject to capital gains tax in the hands of the employee.

Employer

Withholding & reporting

Withholding requirements apply.

Deduction

A deduction may be available if the Indian subsidiary reimburses the parent issuer for the costs of the award, but exchange control approval may be required, depending upon the structure of the arrangement.

Tax-favored
No tax-favored programs are available.

Social insurance

Social insurance generally is not applicable to restricted stock and RSU benefits.

Data protection

Obtaining employee consent for the processing and transfer of personal data is recommended.

Labor

Although unlikely, in order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary. Restricted stock and RSU plan benefits are shown separately from the usual income of the employee, as the same is received from the parent company. Keeping the award plan and agreement distinct from other employment benefits and documentation would mitigate the risk of employees potentially claiming the awards as part of the damages calculations made in cases of unlawful termination. To decrease the likelihood of employee entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights

Communications

There are no translation requirements. Any filing with the government must be in English.

STOCK OPTIONS

Securities

There generally are no affirmative securities requirements associated with the grant of stock options.

Foreign exchange

India has a Liberalized Remittance Scheme, under which resident individuals may remit up to USD250,000 per financial year (April to March) for any permitted current or capital account transaction. In this case, individuals would need to remit the funds separately from their personal accounts after filing Form A-2 with their authorized dealer bank and directly acquire foreign shares.

Alternatively, "general permission" has been given, under Indian foreign exchange regulations, for an employee of the Indian subsidiary of a foreign company to indirectly acquire shares of the foreign parent company, as long as the conditions mentioned in the general permission are complied with. If these conditions are not met, Reserve Bank of India’s approval will need to be obtained.
Annual reporting is also required if the "general permission" route is followed. Generally, sale proceeds must be repatriated within 90 days of the transaction.

**Tax**

**Employee**

The spread is taxable at exercise. However, this amount must be determined in accordance with the fair market value of the shares as determined by a licensed Indian Merchant Banker.

Proceeds from the sale of shares are subject to tax.

**Employer**

**Withholding & reporting**

Withholding and reporting requirements apply.

**Deduction**

A deduction may be available if the Indian subsidiary reimburses the parent issuer for the cost of the award, but exchange control approval may be required, depending on the structure of the arrangement.

**Tax-favored**

Tax-favored programs are no longer available.

**Social insurance**

Social insurance generally is not applicable to option benefits.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

Although unlikely, in order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. Stock options are shown separately from the usual income of the employee, as the same is received from the parent company. Keeping the award plan and agreement distinct from other employment benefits and documentation would mitigate the risk of employees potentially claiming the awards as part of the damages calculations made in cases of unlawful termination, or including them in the calculation of severance and retirement benefits.

**Communications**

There are no translation requirements. Any filing with the government must be in English.
STOCK PURCHASE RIGHTS

Securities

There generally are no affirmative securities law requirements associated with the grant of stock purchase rights.

Foreign exchange

India has a Liberalized Remittance Scheme, under which resident individuals may remit up to USD250,000 per financial year (April to March) for any permitted current or capital account transaction. In this case, individuals would need to remit the funds separately from their personal accounts after filing Form A-2 with their authorized dealer bank and directly acquire foreign shares.

Alternatively, "general permission" has been given, under Indian foreign exchange regulations, for an employee of the Indian subsidiary of a foreign company to indirectly acquire shares of the foreign parent company, as long as the conditions mentioned in the general permission are complied with. If these conditions are not met, Reserve Bank of India’s approval will be required.

Annual reporting is also required if the "general permission" route is followed. Generally, sale proceeds must be repatriated within 90 days of the transaction.

Tax

Employee

The spread is taxable at purchase.

However, this amount must be determined in accordance with the fair market value of the shares as determined by a licensed Indian Merchant Banker.

Proceeds from the sale of shares are subject to tax.

Employer

Withholding & reporting

Withholding and reporting requirements apply.

Deduction

A deduction may be available if the Indian subsidiary reimburses the parent issuer for the costs of the award but exchange control approval may be required, depending upon the structure of the arrangement.

Tax-favored

No tax-favored programs are available.

Social insurance
Social insurance generally is not applicable to purchase right benefits.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

To reduce the risk of entitlement claims from stock purchase rights, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights

Benefits from stock purchase rights are shown separately from the usual income of the employee, as the same is received from the parent company. This split, when reflected, mitigates the risk of the stock purchase benefits forming a part of damages on unlawful termination, or being included in the calculation of severance or retirement payments.

**Communications**

There are no translation requirements. Any filing with the government must be in English.

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INDONESIA

RESTRICTED STOCK AND RSUS

Securities

A registration statement is required if the value of shares granted within a 12-month period is IDR 1 billion or more and either:

- Shares are sold to over 50 Indonesians worldwide
- The offer is made to more than 100 Indonesians worldwide

Foreign exchange

Although restricted stock and RSUs generally are not subject to any foreign exchange requirements, routine reporting is required on foreign exchange transactions.

Tax

Employee

Restricted stock likely is taxed upon grant.

RSUs are taxed upon vesting.

Any gain from sale is subject to capital gains tax.

Employer

Withholding & reporting

Tax withholding and reporting generally are required if the subsidiary takes a local tax deduction for reimbursing the parent company, and the benefits from the restricted stock and RSUs are considered part of base salary.

Deduction
Reimbursement of the parent company for the cost of the benefits in accordance with a written agreement should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

Unless the parent company is reimbursed by the subsidiary for restricted stock and RSU benefits that are routinely granted, such benefits generally are not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is advised.

**Labor**

Offering restricted stock or RSUs may trigger certain employer obligations and employee claims. Upon involuntary termination of employment, an employee may assert that they are entitled to continued vesting and other rights with respect to their award, if not regulated clearly under the award agreement. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting ceases upon termination of employment and that the plan and any awards under it are discretionary.

**Communications**

In connection with Law No. 24 on Flag, Language, National Emblem, and National Anthem as further implemented by Presidential Regulation No. 63 of 2019 on Use of Indonesian Language, it is mandatory that documents regarding stock plans, especially the award agreements, be executed in Indonesian and English if there is Indonesian party to the agreement.

**STOCK OPTIONS**

**Securities**

A registration statement is required if the value of shares underlying options granted within a 12-month period is IDR 1 billion or more and either:

- Shares are sold to over 50 Indonesians worldwide or
- The offer is made to more than 100 Indonesians worldwide.

**Foreign exchange**

Although options generally are not subject to any foreign exchange requirements, routine reporting is required on foreign exchange transactions.

**Tax**

Employee
If the parent company is reimbursed by the subsidiary for the cost of the option benefits, an employee is taxed on the spread at exercise.

If there is no reimbursement, any tax on the spread is deferred until the shares are sold.

Any gain upon sale is subject to capital gains tax.

**Employer**

**Withholding & reporting**

Tax withholding and reporting are generally required if the subsidiary takes a local tax deduction for reimbursing the parent company and the benefits from the option are considered part of the base salary.

**Deduction**

Reimbursement of the parent company for the cost of the option benefits (e.g., the spread), in accordance with a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

Unless the parent company is reimbursed by the subsidiary for option benefits, which are routinely granted, such benefits generally are not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is advised.

**Labor**

Offering stock options may trigger certain employer obligations and employee claims. Upon involuntary termination of employment, an employee may assert that they are entitled to continued vesting and other rights with respect to their option, if not regulated clearly under the award agreement. In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary.

**Communications**

In connection with Law No. 24 on Flag, Language, National Emblem, and National Anthem as further implemented by Presidential Regulation No. 63 of 2019 on Use of Indonesian Language, it is mandatory that documents regarding stock plans, especially the award agreements, be executed in Indonesian and English if there is Indonesian party to the agreement.

**STOCK PURCHASE RIGHTS**

**Securities**
A registration statement is required if the value of shares underlying the purchase rights granted within a 12-month period is IDR 1 billion or more and either:

- Shares are sold to over 50 Indonesians worldwide or
- The offer is made to more than 100 Indonesians worldwide.

**Foreign exchange**

Although purchase rights are generally not subject to any foreign exchange requirements, routine reporting is required on foreign exchange transactions.

**Tax**

**Employee**

Effective April 1, 2007, purchase rights are taxed under the fringe benefit tax rules. Taxes on fringe benefits are payable by the subsidiary. Accordingly, the employee is not taxed on the spread at purchase. In some cases, the subsidiary and the employee may agree to pass the fringe benefit tax from the subsidiary to the employee.

Any gain from the subsequent sale of shares is subject to capital gains tax payable by the employee.

**Employer**

**Withholding & reporting**

Tax withholding and reporting are generally required if the subsidiary takes a local tax deduction for reimbursing the parent company and the benefits from the purchase right are considered part of the base salary.

**Deduction**

Reimbursement of the parent company for the cost of the benefit (e.g., the spread), in accordance with a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

Unless the parent company is reimbursed by the subsidiary for purchase right benefits which are routinely granted, such benefits generally are not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is advised.

**Labor**

Offering purchase rights may trigger certain employer obligations and employee claims. Upon involuntary termination of employment, an employee may assert that he or she is entitled to continued participation and other rights with respect to his or her purchase right, if not regulated clearly under the award agreement. In order to
reduce the risk of employee claims, the offer documents and enrollment forms signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

In connection with Law No. 24 on Flag, Language, National Emblem, and National Anthem as further implemented by Presidential Regulation No. 63 of 2019 on Use of Indonesian Language, it is mandatory that documents regarding stock plans, especially the award agreements, be executed in Indonesian and English if there is Indonesian party to the agreement.

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Irish law. As long as no consideration is paid, directly or indirectly (e.g., in lieu of salary or cash bonus entitlements) by the employee for restricted stock or RSUs, the award should be exempt from prospectus requirements. Even if restricted stock or RSUs are issued for consideration, they may nonetheless be exempt from prospectus requirements of Irish law if:

- The restricted stock or RSUs are structured other than as transferable securities or
- The relevant offer falls within a safe-harbor exemption (e.g., where such securities are offered to fewer than 150 legal or natural persons in Ireland).

Under the provisions of the Irish Companies Law, directors may be subject to additional reporting requirements.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

RSUs are typically taxed upon vesting, unless the shares or cash pass to the employee at an earlier date.

The proceeds from the sale of the shares are taxable, although some exemptions (e.g., the annual exemption of EUR1,270) may apply.

Employer

Withholding & reporting

Withholding and reporting are required. The employer is required to operate Irish payroll taxes including income
tax, universal social charge (USC) and employee’s social insurance contribution (PRSI).

**Deduction**

If the subsidiary reimburses the parent company for the cost of the restricted stock or RSU benefits pursuant to a written agreement, it may be able to deduct such cost from its taxable income.

**Social insurance**

Restricted stock and RSUs are subject to employee’s PRSI. Employer’s PRSI should not apply unless the award is cash-settled.

**Data protection**

As of May 25, 2018, processing personal data, including employee, customer or vendor personal data, is subject to the GDPR and the Data Protection Act 2018. Organisations must ensure they have all relevant policies and procedures in place which will enable them to comply with the data protection principles, such as an Information Security Policy which includes an Incident Response Plan, a Data Protection Policy governing how employees must handle personal data they process during their employment, and an Employee Data Protection Notice explaining to employees how and why the company processes their personal data. Organisations must also ensure there is a lawful basis for processing any personal data, noting that in the context of employment, employee consent is often an inappropriate lawful basis due to the imbalance of power between the employee and the employer, meaning consent is not truly ‘freely given’, as required by the GDPR.

Written agreements must be in place with any vendors or customers where there is a controller to processor relationship in relation to personal data. Specific terms must be included in these agreements, as per the GDPR, to ensure the personal data are adequately safeguarded and the roles and responsibilities of the parties are clear, particularly if there is a data breach or a data subject access request. Importantly, any personal data which leaves the EEA, (either internally via an intragroup agreement, or externally via a customer or vendor contract), must now be risk assessed following the recent CJEU Schrems II decision, and must be subject to a mechanism allowing for lawful transfer to a third country, (such as the standard contractual clauses, Binding Corporate Rules).

**Labor**

Restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should be notified in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights and
- That the plan does not form part of the employee’s terms and conditions of employment

In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

**Communications**
Translation

All government filings must be in English.

Electronic communication

It should be valid for an employee to execute the award agreement electronically.

STOCK OPTIONS

Securities

The EU Prospectus Directive has been implemented into Irish law. Non-transferable options are not generally considered transferable securities subject to the EU Prospectus Directive. Even if options, by virtue of their particular features, are considered transferable securities, they may nonetheless be exempt from the prospectus requirements of Irish law if the relevant offer falls within a safe-harbor exemption (eg, where such securities are offered to less than 150 legal or natural persons in Ireland).

Under the provisions of the Irish Companies Law, directors may be subject to additional reporting requirements.

Foreign exchange

Options are not subject to any specific foreign exchange restrictions.

Tax

Employee

The spread is taxable at exercise. No tax should arise on the grant of the option provided the option could be exercised for not more than 7 years from the date of its grant or the option is granted for an exercise price equal to the market value of the shares at the date of grant.

The proceeds from the sale of the shares are taxable, although some exemptions (eg, the annual exemption of EUR1,270) may apply.

Employer

Withholding & reporting

Reporting is required. Withholding should not be required, depending on the structure of the award.

Deduction

If the subsidiary reimburses the parent company for the cost of the option benefits, pursuant to a written agreement, it may be able to deduct such cost from its taxable income.

Social insurance
The spread is subject to social insurance contributions. Employer social insurance contributions should not apply unless the award is cash-settled.

**Data protection**

As of May 25, 2018, processing personal data, including employee, customer or vendor personal data, is subject to the GDPR and the Data Protection Act 2018. Organisations must ensure they have all relevant policies and procedures in place which will enable them to comply with the data protection principles, such as an Information Security Policy which includes an Incident Response Plan, a Data Protection Policy governing how employees must handle personal data they process during their employment, and an Employee Data Protection Notice explaining to employees how and why the company processes their personal data. Organisations must also ensure there is a lawful basis for processing any personal data, noting that in the context of employment, employee consent is often an inappropriate lawful basis due to the imbalance of power between the employee and the employer, meaning consent is not truly ‘freely given’, as required by the GDPR.

Written agreements must be in place with any vendors or customers where there is a controller to processor relationship in relation to personal data. Specific terms must be included in these agreements, as per the GDPR, to ensure the personal data are adequately safeguarded and the roles and responsibilities of the parties are clear, particularly if there is a data breach or a data subject access request. Importantly, any personal data which leaves the EEA, (either internally via an intragroup agreement, or externally via a customer or vendor contract), must now be risk assessed following the recent CJEU Schrems II decision, and must be subject to a mechanism allowing for lawful transfer to a third country, (such as the standard contractual clauses, Binding Corporate Rules).

**Labor**

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should be notified in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights and
- The option plan does not form part of the employee’s terms and conditions of employment

In addition, anti-discrimination rules must be considered when awarding options.

**Communications**

**Translation**

All government filings must be in English.

**Electronic communication**

It should be valid for an employee to execute the award agreement electronically.

**STOCK PURCHASE RIGHTS**
Securities

The EU Prospectus Directive has been implemented into Irish law. Non-transferable rights to purchase shares are not considered transferable securities subject to the Prospectus Directive. Even if purchase rights, by virtue of their particular features, are considered transferable securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements of Irish law if the relevant offer falls within a safe-harbor exemption (eg, where such securities are offered to less than 150 legal or natural persons in Ireland).

Foreign exchange

Purchase rights are not subject to any specific foreign exchange restrictions.

Tax

Employee

The spread is taxed at purchase.

The proceeds from the sale of the shares are taxable, although some exemptions (eg, the annual exemption of EUR1,270) may apply.

Employer

Withholding & reporting

Withholding and reporting are required. The employer is required to operate Irish payroll taxes, including income tax and USC, and employees’ PRSI. However, where the purchase right constitutes a right to acquire an asset for Irish tax purposes, no withholding is required.

Deduction

If the subsidiary reimburses the parent company for the cost of the purchase right benefits pursuant to a written agreement, it may be able to deduct such cost from its taxable income.

Social insurance

The spread is subject to social insurance contributions. Employer social insurance contributions will not apply unless the award is cash-settled.

Data protection

As of May 25, 2018, processing personal data, including employee, customer or vendor personal data, is subject to the GDPR and the Data Protection Act 2018. Organisations must ensure they have all relevant policies and procedures in place which will enable them to comply with the data protection principles, such as an Information Security Policy which includes an Incident Response Plan, a Data Protection Policy governing how employees must handle personal data they process during their employment, and an Employee Data Protection Notice explaining to employees how and why the company processes their personal data. Organisations must also ensure there is a lawful basis for processing any personal data, noting that in the context of employment, employee consent is often
an inappropriate lawful basis due to the imbalance of power between the employee and the employer, meaning consent is not truly ‘freely given’, as required by the GDPR.

Written agreements must be in place with any vendors or customers where there is a controller to processor relationship in relation to personal data. Specific terms must be included in these agreements, as per the GDPR, to ensure the personal data are adequately safeguarded and the roles and responsibilities of the parties are clear, particularly if there is a data breach or a data subject access request. Importantly, any personal data which leaves the EEA, (either internally via an intragroup agreement, or externally via a customer or vendor contract), must now be risk assessed following the recent CJEU Schrems II decision, and must be subject to a mechanism allowing for lawful transfer to a third country, (such as the standard contractual clauses, Binding Corporate Rules).

**Labor**

Plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should be notified in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights
- The plan does not form part of the employee’s terms and conditions of employment and

Anti-discrimination rules must be considered when awarding stock purchase rights.

**Communications**

**Translation**

Translation is not required. All government filings must be in English.

**Electronic communication**

It should be valid for an employee to execute the offer document electronically.
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ISRAEL

RESTRICTED STOCK AND RSUS

Securities

Restricted stock and RSUs generally are subject to securities restrictions. However, in most cases, exemptions are available.

Foreign exchange

Other than rules relating to anti-money laundering and FATCA, there are no specific foreign exchange restrictions.

Tax

Employee

Tax treatment is determined by whether restricted stock or RSUs were granted under an approved plan via a trust arrangement in Israel.

- Restricted stock with no trustee: tax and social security are due at the time of grant. The employee will also be taxed at the time of sale of the shares.

- Restricted stock under a trustee plan: the employee will be taxed at the time of sale of the shares. Part of the sale proceeds may be taxed as work-related income and part as capital gains based on the difference between the fair market value at grant and the sale price, provided other conditions under this tax route are met. Social security is payable based on the work-related income portion.

- RSU with no trustee: tax and social security are due at the time of sale of the shares.

- RSU under a trustee plan: the employee will be taxed at the time of sale of the shares or when the shares are transferred from the trustee to the employee. Part of the sale proceeds may be taxed as work-related income and part as capital gains, depending on the difference between the fair market value at grant and the sale price, provided other conditions under this tax route are met. Social security is payable based on the work-related income portion.
Exit taxes may also be imposed on the stock award values if the employee terminates residency in Israel.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

A tax deduction may be available for an approved trustee plan if a written recharge agreement is in place.

Tax-favored

Under Section 102 trustee plans, the taxable event is deferred until sale or until releasing the shares from the trustee. Under the capital gains route, restricted stock and RSUs must be held by a local trustee for at least the required holding period.

Social insurance

Portions of the taxable amount are subject to social insurance contributions, depending on whether the income is classified as ordinary income or capital gains.

Data protection

Employee consent for the processing and transfer of personal data is required. In certain situations, the employer may be required to register its database with the data protection authorities.

Labor

Although not common, restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the plan is a conditional and/or discretionary increment and not a salary component for any intent or purpose, including for the purpose of severance pay.
- Termination of employment will result in the loss of unvested rights.

The chances of an employee making a successful claim are also reduced if the award is contingent upon, for instance, the performance of the employee or the company and if the awards are not regularly granted.

Communications

Translation of plan-related materials may be required to satisfy securities requirements, if applicable. Any government filings are required to be translated. For labor law purposes, translation is required if English is not the language used in general for communications with employees.
STOCK OPTIONS

Securities

Options are generally subject to securities restrictions. However, in most cases, exemptions are available.

Foreign exchange

Other than rules relating to anti-money laundering and FATCA, there are no specific foreign exchange restrictions.

Tax

Employee

Tax is imposed at the time the shares are sold or when the underlying shares are transferred from the trustee to the employee, generally based upon the difference between the sale price and the exercise price. The tax classification of the income shall depend on the tax route that applies to the options.

Exit taxes may also be imposed on the stock award values if the employee terminates residency in Israel.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

A tax deduction may be available for an approved trustee plan if a written recharge agreement is in place.

Tax-favored

Under Section 102 trustee capital gains plans, preferential tax rates may apply.

Under the capital gains route, options or underlying shares must be held by a local trustee for at least the required holding period.

Social insurance

Portions of the taxable amount are subject to social insurance contributions, depending on whether the income is classified as ordinary income or capital gains.

Data protection

Employee consent for the processing and transfer of personal data is required. In certain situations, the employer may be required to register its database with the data protection authorities.
Labor

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the option plan is a conditional and/or discretionary increment and not a salary component for any intent or purpose, including for the purpose of severance pay.

- Termination of employment will result in the loss of unvested rights.

The chances of an employee making a successful claim are also reduced if the award is contingent upon, for instance, the performance of the employee or the company and if the awards are not regularly granted.

Communications

Translation of plan-related materials may be required to satisfy securities requirements, if applicable. Any government filings are required to be translated. For labor law purposes, translation is required if English is not the language used in general for communications with employees.

STOCK PURCHASE RIGHTS

Securities

Purchase rights generally are subject to securities restrictions. However, in most cases, exemptions are available.

Foreign exchange

Other than rules relating to anti-money laundering and FATCA, there are no specific foreign exchange restrictions.

Tax

The tax treatment of the Stock Purchase Rights (ESPP) is governed by Section 102. ESPP grants may be made either under a trustee plan or under the non-trustee route. A tax ruling should be obtained in relation to the implementation of the ESPP plan.

Employee

For purchase rights granted under the trustee plan, tax is imposed at the time the shares are sold or transferred from the trust to the employee, generally based on the difference between the sale price and the purchase price.

For purchase rights granted under the non-trustee route, tax will be due on purchase and upon selling the shares.

Exit taxes may also be imposed on the stock award values if the employee terminates residency in Israel.
Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

A tax deduction may be available for an approved trustee plan if a written recharge agreement is in place.

Tax-favored

Under Section 102 trustee plans, preferential tax rates may apply. Purchase rights must be held by a local trustee for the required holding period (which is considered to be the purchase date of the shares). Seeking a specific tax ruling is recommended.

Social insurance

Portions of the taxable amount are subject to social insurance contributions, depending on whether granted under the trustee capital gains route.

Data protection

Employee consent for the processing and transfer of personal data is required. In certain situations, the employer may be required to register its database with the data protection authorities.

Labor

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is a conditional and/or discretionary increment and not a salary component for any intent or purpose, including for the purpose of severance pay.

- Termination of employment will result in the loss of unvested rights.

The chances of an employee making a successful claim are also reduced if the award is contingent upon, for instance, the performance of the employee or the company and if the awards are not regularly granted.

Communications

Translation of plan-related materials may be required to satisfy securities law requirements, if applicable. Any government filings are required to be translated. For labor law purposes, translation is required if English is not the language used in general for communications with employees.
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ITALY

RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive is effective in Italy. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from the prospectus requirements.

Foreign exchange

Reporting may be required for shares held outside of Italy.

Tax

Employee

Restricted stock is taxed upon grant. Only the amount of the granted shares exceeding a certain threshold (ie, EUR2,065.83) is taxed as employment income, provided that restricted stock is granted to all employees and the shares are non-transferable for a 3-year period.

RSUs are taxed upon vesting and in the tax year in which they are granted. Only the amount of shares granted upon vesting (ie, the market value of the shares on vesting, less any price paid by participants) exceeding a certain threshold (ie, EUR2,065.83) are taxed, provided that RSUs are granted to all employees and the shares are non-transferable for a 3-year period.

Both restricted stocks and RSUs may not be taxed if they are granted as a form of productivity bonus, provided that the other law requirements are met.

Capital gains are subject to a substitute tax at a flat rate of 26 percent.

If the shares are issued by a tax haven company, the entire capital gain amount is subject to personal income tax (IRPEF) at the applicable progressive rates between 23 percent and 43 percent plus regional and municipal surtaxes, if applicable. In order to be qualified as a tax haven resident, the issuing company (ie, the company whose shares the employee receives) must be subject to an actual tax rate lower than 50 percent of the applicable rate in Italy (ie, lower than 13.95 percent).
A special step-up rule may be annually introduced, lowering capital gain taxation.

**Employer**

**Withholding & reporting**

Withholding and reporting are required.

**Deduction**

If the parent company is reimbursed by the subsidiary for the cost of the benefits, the subsidiary should be able to deduct such costs from its income taxes.

**Social insurance**

Restricted stock and RSUs are generally not subject to social insurance. However, a case-by-case analysis is recommended.

**Data protection**

In order to comply with certain aspects of existing data privacy requirements, it is recommended that an employer seek employees' consent to the processing and transfer of personal data. Typically, no employee's personal information can be processed or transferred until the employer registers with Italy's data protection authorities.

**Labor**

Restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. However, a case-by-case analysis is recommended. To reduce the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary and
- That termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs. Further specific requirements are provided for in case of restricted stocks and RSUs granted to certain categories of employees of banks, financial intermediaries and asset management companies.

**Communications**

Although not required, it is recommended that all documents regarding restricted stock and RSU plans be translated. Any government filings are required to be translated.

**STOCK OPTIONS**

**Securities**
The EU Prospectus Directive is effective in Italy. Generally, non-transferable options are considered a security subject to the Prospectus Directive. Accordingly, unless an offer of options is otherwise exempt (e.g., through the 150-person exemption), a prospectus is required. Unless the full cashless exercise method is required, an Italian financial intermediary must be engaged to advise optionees on their rights under the plan.

**Foreign exchange**

Reporting may be required for shares held outside of Italy.

**Tax**

**Employee**

The spread is taxable at exercise as employment income with the marginal rate of the progressive individual income tax to be applied in a range between 23 percent and 43 percent. Only the difference between the exercise price and market value of the shares exceeding a certain threshold (i.e., EUR2,065.83) is taxed as employment income, provided that stock option plan is granted to all employees and the shares are non-transferable for a 3-year period.

Capital gains are subject to a substitute tax at a flat rate of 26 percent.

Please consider that, if the shares are issued by a tax haven company, the entire capital gain amount is subject to personal income tax (IRPEF) at the applicable progressive rates between 23 percent and 43 percent plus regional and municipal surtaxes, if applicable. In order to be qualified as a tax haven resident, the company must be subject to an actual tax rate lower than 50 percent of the applicable rate in Italy (i.e., lower than 13.95 percent).

**Employer**

**Withholding & reporting**

Withholding and reporting are required.

**Deduction**

If the parent company is reimbursed by the subsidiary for the cost of the option benefits (e.g., the spread) pursuant to a written agreement, the subsidiary should, in principle, be able to deduct such cost from its income taxes. Italian tax law provides for strict requirements to be met in order to deduct the amount of the spread on the option granted to the company’s directors from corporate income tax.

**Social insurance**

Social insurance contributions are generally not imposed on the spread. However, a case-by-case analysis is recommended.

**Data protection**

In order to comply with certain aspects of existing data privacy requirements, it is recommended that an employer obtain its employees’ consent to the processing and transfer of their personal data. Typically, no employee’s
personal information can be processed or transferred until the employer registers with Italy's data protection authorities.

**Labor**

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. However, a case-by-case analysis is recommended. To reduce the risk of claims, employees should agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding options. Further specific requirements are provided for in case of option benefits granted to certain categories of employees of banks, financial intermediaries and asset management companies.

**Communications**

Although not required, it is recommended that all documents regarding option plans be translated. Any government filings are required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

The EU Prospectus Directive is effective in Italy. Generally, non-transferable purchase rights are considered a security subject to the Prospectus Directive. Accordingly, unless an offer of purchase rights is otherwise exempt (eg, the 150-person exemption), a prospectus is required. In addition, an Italian financial intermediary must be provided by the company to consult participants on their rights under the plan.

**Foreign exchange**

Reporting may be required for shares held outside of Italy.

**Tax**

**Employee**

The spread is taxable at purchase as employment income with the marginal rate of the progressive individual income tax to be applied in a range between 23 percent and 43 percent. Only the difference between the subscription price and the market value of the shares exceeding a certain threshold (ie, EUR2,065.83) is taxed as employment income, provided that rights are granted to all employees and the shares are non-transferable for a 3-year period.

Capital gains are subject to a substitute tax at a rate of 26 percent.
Please consider that if the shares are issued by a tax haven company, the entire capital gain amount is subject to personal income tax (IRPEF) at the applicable progressive rates between 23 percent and 43 percent plus regional and municipal surtaxes, if applicable. In order to be qualified as a tax haven resident, the company must be subject to an actual tax rate lower than 50 percent of the applicable rate in Italy (ie, lower than 13.95 percent).

**Employer**

**Withholding & reporting**

Withholding and reporting are required.

**Deduction**

If the parent company is reimbursed by the subsidiary for the plan costs (ie, the discount at the time of purchase) pursuant to a written agreement, the subsidiary, in principle, should be able to deduct such costs from its income taxes.

**Social insurance**

The spread at purchase is subject to social insurance. However, a case-by-case analysis is recommended.

**Data protection**

In order to comply with certain aspects of existing data privacy requirements, it is recommended that an employer obtain its employees’ consent to the processing and transfer of their personal data. Typically, no employee's personal information can be processed or transferred until the employer registers with Italy's data protection authorities.

**Labor**

Plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. However, a case-by-case analysis is recommended. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding purchase rights. Further specific requirements are provided for in case of stock purchase rights granted to certain categories of employees of banks, financial intermediaries and asset management companies.

**Communications**

Although not required, it is recommended that all documents regarding plans be translated. Any government filings are required to be translated.
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RESTRICTED STOCK AND RSUS

Securities

Regardless of the total number of employees and total value of shares, offers to employees or directors who belong to issuing companies, wholly and directly owned first-tier subsidiaries or wholly and directly or indirectly owned second-tier subsidiaries are not subject to securities filing requirements, as long as certain conditions are met such as a minimum holding period for the restricted shares.

In all other cases, securities filing requirements may be triggered, dependent upon the number of offerees and the aggregate value of the shares. Offers to fewer than 50 employees generally are not subject to filing requirements. For offers to 50 or more employees which consist of a share value in excess of ¥100 million, a detailed notification is required before the offering to employees and it will be publicly disclosed. An annual report may also be required after the offering.

For offers to 50 or more employees which consist of a share value of more than ¥10 million but less than ¥100 million, a summary notification is required.

Foreign exchange

Payment between an employee and the foreign parent company in excess of JP¥30 million is subject to reporting obligations. Issuance of restricted stock and RSUs of JP¥1 billion or more also triggers reporting obligations.

Tax

Employee

Restricted stock is taxed upon the restriction cancellation date, so long as certain factual conditions are satisfied. For example, one of the conditions is that the stock granted in exchange of an employee's monetary claim is returned to the Japanese subsidiary if the employee or the company's performance fails to meet certain requirements or the employee fails to continue to work for certain required period.

RSUs are taxed when vesting of RSUs is fixed, depending on the details of the RSUs.
Employer

Withholding & reporting

Withholding is applicable depending on how equity compensations are granted between the foreign parent company and its Japanese subsidiary.

Deduction

A deduction is permitted within the fiscal year to which the restriction cancellation date belongs. A deduction may be permitted for restricted stock if certain conditions are met such as notification to the tax authorities. The scope of deduction has been expanded by the amendment promulgated in 2017, and it includes RSUs.

Social insurance

Restricted stock and RSUs are not subject to social insurance contributions as long as the awards are not considered part of the employee’s salary.

Data protection

Obtaining employee consent for the processing and transfer of certain sensitive information is mandatory pursuant to the Act on Protection of Personal Information.

Labor

Although not common, restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, employers should prepare documents concerning the plan separately from employment contracts and work rules.

Communications

Although not legally required, it is recommended that documents regarding employee equity award plans be translated. All government filings are required to be translated.

STOCK OPTIONS

Securities

Regardless of the total number of employees and total value of shares or units, offers to employees or directors who belong to issuing companies, wholly and directly owned first-tier subsidiaries or wholly and directly or
indirectly owned second-tier subsidiaries are not subject to securities filing requirements.

In all other cases, securities filing requirements may be triggered depending on the number of offerees and the aggregate value of the shares. Offers to fewer than 50 employees are generally not subject to filing requirements. For offers to 50 or more employees which consist of the total stock options' value in excess of ¥100 million, a detailed notification is required before the offering to employees, and it will be publicly disclosed. An annual report may also be required after the offering.

For offers to 50 or more employees which consist of the total stock options' value of more than ¥10 million but less than ¥100 million, a summary notification is required.

**Foreign exchange**

Payment between an employee and the foreign parent company in excess of ¥30 million is subject to reporting obligations. Issuance of stock options of ¥1 billion or more also triggers reporting obligations.

**Tax**

**Employee**

The spread is taxed upon exercise. However, an employee can defer the taxation if the option is designed in accordance with several requirements (i.e., so-called “Tax-Qualified Stock Options”), which include:

- Having an exercise period of more than 2 years but less than 10 years
- Possessing an exercise cost below or at ¥12 million per year

When deferral applies, any gains realized from the sale of the shares are taxable as capital gains.

**Employer**

**Withholding & reporting**

Withholding is applicable depending on how equity compensations are granted between the foreign parent company and its Japanese subsidiary.

**Deduction**

A deduction may be permitted in the fiscal year to which the date of exercise belongs. However, when the deferral discussed above is applicable, no deduction is permitted.

In the case of option benefits received by officers or directors of the Japanese subsidiary, there are other restrictions. The scope of deduction has been expanded by the amendment promulgated in 2017.

**Social insurance**

The spread is not subject to social insurance contributions, as long as the options are not considered part of the employee's salary.

**Data protection**
Obtaining employee consent for the processing and transfer of certain sensitive information is mandatory pursuant to the revised Act on Protection of Personal Information.

**Labor**

Although not common, option benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, employers should prepare documents concerning the option plan, separately from employment contracts and work rules.

**Communications**

Although not legally required, it is recommended that documents regarding employee option plans be translated. All government filings are required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

Where the nature of the purchase rights is similar to a stock option, regardless of the total number of employees and total value of the shares or units, offers to employees or directors who belong to issuing companies, wholly and directly owned first-tier subsidiaries or wholly and directly or indirectly owned second-tier subsidiaries are not subject to securities filing requirements.

In all other cases, securities filing requirements may be triggered depending on the number of offerees and the aggregate value of the shares. Offers to fewer than 50 employees generally are not subject to filing requirements. For offers to 50 or more employees which consist of a share value in excess of ¥100 million, a detailed notification is required before offering to employees and it will be publicly disclosed. An annual report may be also required after the offering.

For offers to 50 or more employees which consist of a share value of more than ¥10 million but less than ¥100 million, a summary notification is required.

**Foreign exchange**

Payment between an employee and the parent company in excess of ¥30 million is subject to reporting obligations. Issuance of stock purchase rights of ¥1 billion or more may also trigger reporting obligations.

**Tax**


Employee

Because purchase rights are not yet common in Japan, and taxation reforms have not been undertaken. Taxpayers may refer to rules applicable to general stock options to purchase rights as follows:

The spread is taxed upon purchase. An employee may not utilize the deferral approved for qualified stock options because purchase rights are often too flexible and beneficial to qualify for the deferral.

Employer

Withholding & reporting

Withholding is applicable depending on how equity compensations are granted between the foreign parent company and its Japanese subsidiary.

Deduction

A deduction is permitted in the fiscal year to which the date of purchase belongs. The deduction may be partially restricted as a result of the benefits conferred upon officers or directors of the Japanese subsidiary. The scope of deduction has been expanded by the amendment promulgated in 2017.

Social insurance

The spread is not subject to social insurance contributions, as long as the purchase rights are not deemed part of the employee's salary.

Data protection

Obtaining employee consent for the processing and transfer of certain sensitive information is mandatory pursuant to the revised Act on Protection of Personal Information.

Labor

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

Participation in the plan is discretionary and

Termination of employment will result in the loss of unvested rights.

In addition, employers should prepare documents concerning the plan separately from employment contracts and work rules.

Communications

Although not legally required, it is recommended that documents regarding purchase plans be translated. Any government filings are required to be translated.
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**MALAYSIA**

**Restricted Stock and RSUs**

**Securities**

Generally, any person who intends to make available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase unlisted capital market products (which include securities that are not listed on the Malaysian stock exchange), is in principle, subject to the prior approval of the Securities Commission (SC) and prospectus registration requirements with the SC.

Nonetheless, such prior approval is not required if such offer for subscription or purchase of, or issuing of an invitation to subscribe or purchase of shares of a foreign corporation whose shares are listed on an exchange outside Malaysia is made pursuant to an employee share or employee share option scheme.

Full prospectus registration is also not required if such offer for subscription or purchase, or invitation to subscribe for or purchase securities qualifies as an "excluded offer" or "excluded invitation" pursuant to the Capital Markets and Services Act 2007. This includes an offer or invitation made to employees or directors of the offeror / issuer or its related corporation pursuant to an employee share or ESOS. However, where any information or material pertaining to the offer is distributed or issued to employees in Malaysia, such materials, constituting an information memorandum, should be filed with the SC within 7 days after its first issuance in Malaysia. Such materials include information describing the business and affairs of the employer issued in respect of the offer and any communications to the employee regarding the offer.

**Foreign exchange**

If the remittance of funds in relation to restricted stock and RSUs is made in foreign currency, it is generally not subject to any foreign exchange requirements.

**Tax**

**Employee**

Restricted stock and RSU are taxable perquisites and are taxed at the point of vesting. The taxable value of RSU / restricted stock is the market value of the shares on the date of vesting less the amount paid for the shares (if any). Any gain made from a subsequent disposal of these shares is not taxable as it represents a capital gain.
Employer

Withholding & reporting

Notification to the tax authorities is required. Withholding is required unless the employee has elected in writing to remit the tax upon submission of his or her tax return for the relevant year.

Deduction

If the shares acquired by the employee are newly issued shares, the local subsidiary will not be entitled to claim a deduction for any costs incurred in relation to such new shares.

However, if the shares offered under the scheme are treasury shares of the holding company, then the local subsidiary is eligible to claim a special deduction for costs incurred in acquiring the treasury shares.

Alternatively, if the options are settled in cash where no shares are transferred to the employee, the amount paid to the employee by the local subsidiary (treated as a cash bonus) is deductible to the local subsidiary.

Social insurance

There is no social insurance scheme per se for Malaysia but there is a mandatory requirement for contributions to the Employees' Provident Fund (EPF) and Social Security Organization (SOCSO) for all employees who are Malaysian citizens. The requirement to contribute is based on a percentage of wages. So far as the plan is carved out and not made a term of the employment contract and does not form part of wages, there is no requirement to contribute to EPF or SOCSO based on the employee's entitlement to the stocks.

Data protection

All personal data must be processed in compliance with the Malaysian Personal Data Protection Act 2010 (PDPA). Generally, the processing of personal data requires consent of the data subject unless one of the prescribed exceptions applies, eg, the processing is necessary for the performance of a contract to which the data subject is a party. However, it is a matter of best practice for written consent to be obtained by the data user prior to any processing of personal data.

The PDPA also requires the data user to give a written notice to the data subject of certain information and the written notice must be given in both Bahasa Malaysia, which is the national language of Malaysia and English.

Labor

Employment "at will" is not applicable in Malaysia. Generally, if an employee is terminated from employment, the employee has the right to make representations of unjust dismissal to the Industrial Relations Department and such cases are eventually heard by the Industrial Court. Where entitlement to restricted stock and RSUs are incorporated as part of the employee’s benefits in the employment contract, the employees would generally have a right to make claims for the value of the stock as part of the compensation to be awarded by the Industrial Court. As the Industrial Court of Malaysia has no extra-territorial jurisdiction, there may be difficulties for an employee to make such claims if the stocks are in a foreign parent company.

In this regard, employers in Malaysia are advised to be cautious about various aspects when issuing stock options.
or rights to employees. Some of the more critical areas to take note of are:

- Corresponding with employees via the correct entity. Where stock entitlements are in relation to a foreign based parent company, correspondences about entitlement should be between that foreign company and the employee. This is to ensure that the local employer is not seen as the entity that is making promises for the entitlement that would in turn render the claim enforceable against the local employer.

- Carving out the stock entitlement. The stock entitlement where possible should not be made part of the employment contract but granted through separate agreements or correspondences that are separate and distinct subject to the relevant stock entitlement documents.

- Making forfeiture rights clear. The plan documents for the stock entitlement should always make clear the parties' rights upon termination of employment. This can include forfeiture in the case of dismissal with cause, accelerated vesting upon retirement or termination without cause or even call options exercisable upon termination.

**Communications**

**Translation**

With the exception to the written notice required under the PDPA, there is no legal requirement for the plan materials to be translated into Bahasa Malaysia. However, for employees who are literate in a language other than English, it is recommended for the documents to be provided in that language.

**Electronic communication**

The use of electronic forms to communicate the offer to employees and obtain their acceptance of the same is feasible. However, online certification of the employee's acceptance must be obtained.

**STOCK OPTIONS**

**Securities**

Generally, any person who intends to make available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase unlisted capital market products (which include securities that are not listed on the Malaysian stock exchange), is in principle, subject to the prior approval of the Securities Commission (SC) and prospectus registration requirements with the SC.

Nonetheless, such prior approval is not required if such offer for subscription or purchase of, or issuing of an invitation to subscribe or purchase of shares of a foreign corporation whose shares are listed on an exchange outside Malaysia is made pursuant to an employee share or ESOS.

Full prospectus registration is also not required if such offer for subscription or purchase, or invitation to subscribe for or purchase securities qualifies as an "excluded offer" or "excluded invitation" pursuant to the Capital Markets and Services Act 2007. This includes an offer or invitation made to employees or directors of the offeror / issuer or its related corporation pursuant to an employee share or ESOS. However, where any information or material pertaining to the offer is distributed or issued to employees in Malaysia, such materials, constituting an
information memorandum, should be filed with the SC within 7 days after its first issuance in Malaysia. Such materials include information describing the business and affairs of the employer issued in respect of the offer and any communications to the employee regarding the offer.

**Foreign exchange**

If the remittance of funds in relation to stock options is made in foreign currency, it is generally not subject to any foreign exchange requirements.

**Tax**

**Employee**

Generally, a taxable benefit from stock options arises on the date the option to acquire shares in a company is exercised.

The amount of benefit assessable to tax is based on the following formula:

- Market value of share on the date the scheme is exercisable or market value of share on exercise date (whichever is lower) less exercise price

Gains from the subsequent sales of the shares by the employee constitute capital gain, ie, not taxable.

**Employer**

**Withholding & reporting**

Notification to the tax authorities is required. Withholding is required unless the employee has elected in writing to remit the tax upon submission of his/her tax return for the relevant year.

**Deduction**

If the shares acquired by the employee are newly issued shares, the local subsidiary will not be entitled to claim a deduction for any costs incurred in relation to such new shares.

However, if the shares offered under the scheme are treasury shares of the holding company, then the local subsidiary is eligible to claim a special deduction for costs incurred in acquiring the treasury shares.

Alternatively, if the options are settled in cash where no shares are transferred to the employee, the amount paid to the employee by the local subsidiary (treated as a cash bonus) is deductible to the local subsidiary.

**Social insurance**

There is no social insurance scheme per se for Malaysia but there is a mandatory requirement for contributions to the Employees’ Provident Fund (EPF) and Social Security Organization (SOCSO) for all employees who are Malaysian citizens. The requirement to contribute is based on a percentage of wages. So far as the plan is carved out and not made a term of the employment contract and does not form part of wages, there is no requirement to contribute to EPF or SOCSO based on the employee’s entitlement to the stocks.
**Data protection**

All personal data must be processed in compliance with the Malaysian Personal Data Protection Act 2010 (PDPA). Generally, the processing of personal data requires consent of the data subject unless one of the prescribed exceptions applies, e.g., the processing is necessary for the performance of a contract to which the data subject is a party. However, it is a matter of best practice for written consent to be obtained by the data user prior to any processing of personal data.

The PDPA also requires the data user to give a written notice to the data subject of certain information and the written notice must be given in both Bahasa Malaysia, which is the national language of Malaysia and English.

**Labor**

Employment "at will" is not applicable in Malaysia. Generally, if an employee is terminated from employment, the employee has the right to make representations of unjust dismissal to the Industrial Relations Department and such cases are eventually heard by the Industrial Court. Where entitlement to stock options is incorporated as part of the employee's benefits in the employment contract, the employees would generally have a right to make claims for the value of the stock as part of the compensation to be awarded by the Industrial Court. As the Industrial Court of Malaysia has no extra-territorial jurisdiction, there may be difficulties for an employee to make such claims if the stocks are in a foreign parent company.

In this regard, employers in Malaysia are advised to be cautious about various aspects when issuing stock options or rights to employees. Some of the more critical areas to take note of are:

- Corresponding with employees via the correct entity. Where stock entitlements are in relation to a foreign based parent company, correspondences about entitlement should be between that foreign company and the employee. This is to ensure that the local employer is not seen as the entity that is making promises for the entitlement that would in turn render the claim enforceable against the local employer.

- Carving out the stock entitlement. The stock entitlement where possible should not be made part of the employment contract but granted through separate agreements or correspondences that are separate and distinct subject to the relevant stock entitlement documents.

- Making forfeiture rights clear. The plan documents for the stock entitlement should always make clear the parties' rights upon termination of employment. This can include forfeiture in the case of dismissal with cause, accelerated vesting upon retirement or termination without cause or even call options exercisable upon termination.

**Communications**

**Translation**

With the exception of the written notice required under the PDPA, there is no legal requirement for the plan materials to be translated into Bahasa Malaysia. However, for employees who are literate in a language other than English, it is recommended for the documents to be provided in that language.

**Electronic communication**
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**STOCK PURCHASE RIGHTS**

*Securities*

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Nonetheless, such prior approval is not required if such offer for subscription or purchase of, or issuing of an invitation to subscribe or purchase of shares of a foreign corporation whose shares are listed on an exchange outside Malaysia is made pursuant to an employee share or employee share option scheme.

Full prospectus registration is also not required if such offer for subscription or purchase of securities qualifies as an "excluded offer" or "excluded invitation" pursuant to the Capital Markets and Services Act 2007. This includes an offer or invitation made to employees or directors of the offeror or its related corporation pursuant to an employee share or ESOS. However, where any information or material pertaining to the offer is distributed or issued to employees in Malaysia, such materials, constituting an information memorandum, should be filed with the SC within 7 days after its first issuance in Malaysia. Such materials include information describing the business and affairs of the employer issued in respect of the offer and any communications to the employee regarding the offer.

*Foreign exchange*

If the remittance of funds in relation to stock purchase rights is made in foreign currency, it is generally not subject to any foreign exchange requirements.

*Tax*

**Employee**

The employee is taxable upon the exercise of the right.

The amount of benefit assessable to tax is based on the following formula:

- Market value of right on the date the right is exercised less offer price

**Employer**

*Withholding & reporting*

Notification to the tax authorities is required. Withholding is required unless the employee has elected in writing to remit the tax upon submission of his/her tax return for the relevant year.
Deduction

If the shares acquired by the employee are newly issued shares, the local subsidiary will not be entitled to claim a deduction for any costs incurred in relation to such new shares.

However, if the shares offered under the scheme are treasury shares of the holding company, then the local subsidiary is eligible to claim a special deduction for costs incurred in acquiring the treasury shares.

Alternatively, if the options are settled in cash where no shares are transferred to the employee, the amount paid to the employee by the local subsidiary (treated as a cash bonus) is deductible to the local subsidiary.

Social insurance

There is no social insurance scheme per se for Malaysia but there is a mandatory requirement for contributions to the Employees' Provident Fund (EPF) and Social Security Organization (SOCSO) for all employees who are Malaysian citizens. The requirement to contribute is based on a percentage of wages. So far as the plan is carved out and not made a term of the employment contract and does not form part of wages, there is no requirement to contribute to EPF or SOCSO based on the employee's entitlement to the stocks.

Data protection

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Labor

Employment “at will” is not applicable in Malaysia. Generally, if an employee is terminated from employment, the employee has the right to make representations of unjust dismissal to the Industrial Relations Department and such cases are eventually heard by the Industrial Court. Where entitlement to stock purchase rights are incorporated as part of the employee’s benefits in the employment contract, the employees would generally have a right to make claims for the value of the stock as part of the compensation to be awarded by the Industrial Court. As the Industrial Court of Malaysia has no extra-territorial jurisdiction, there may be difficulties for an employee to make such claims if the stocks are in a foreign parent company.

In this regard, employers in Malaysia are advised to be cautious about various aspects when issuing stock options or rights to employees. Some of the more critical areas to take note of are:

- Corresponding with employees via the correct entity. Where stock entitlements are in relation to a foreign based parent company, correspondences about entitlement should be between that foreign company and the employee. This is to ensure that the local employer is not seen as the entity that is making promises for the entitlement that would in turn render the claim enforceable against the local employer.
- Carving out the stock entitlement. The stock entitlement where possible should not be made part of the employment contract but granted through separate agreements or correspondences that are separate and distinct subject to the relevant stock entitlement documents.

- Making forfeiture rights clear. The plan documents for the stock entitlement should always make clear the parties’ rights upon termination of employment. This can include forfeiture in the case of dismissal with cause, accelerated vesting upon retirement or termination without cause or even call options exercisable upon termination.

**Communications**

**Translation**

With the exception of the written notice required under the PDPA, there is no legal requirement for the plan materials to be translated into Bahasa Malaysia. However, for employees who are literate in a language other than English, it is recommended for the documents to be provided in that language.

**Electronic communication**

The use of electronic forms to communicate the offer to employees and obtain their acceptance of the same is feasible. However, online certification of the employee’s acceptance must be obtained.
RESTRICTED STOCK AND RSUS

Securities

The offer of restricted stock and RSUs is generally exempt from affirmative securities requirements.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

Restricted stock and RSUs are taxed upon vesting.

The gain upon the sale of the shares is taxable.

Employer

Withholding & reporting

Tax withholding and reporting are generally not required unless the Mexican subsidiary reimburses the parent company for the cost of the restricted stock or RSU benefits.

Deduction

A local tax deduction generally is allowed if the subsidiary reimburses the parent company for the cost of the restricted stock and RSU benefits under a written agreement. However, reimbursement may trigger withholding and reporting requirements for the subsidiary.

Social insurance

Restricted stock and RSUs are likely subject to social insurance contributions if the Mexican subsidiary reimburses
the parent company for the cost of the award benefits.

Data protection

Restricted stock and RSUs are likely subject to social insurance contributions if the Mexican subsidiary reimburses the parent company for the cost of the award benefits.

Labor

Although not common, restricted stock and RSU benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

Communications

Translation

Although it is not legally required, it is recommended that documents regarding employee stock plans be translated. Any government filings are required to be translated.

Electronic communication

It should be valid for an employee to execute the award agreement electronically.

STOCK OPTIONS

Securities

The offer of options generally is exempt from affirmative securities requirements.

Foreign exchange

Option plans are not subject to any specific foreign exchange restrictions.

Tax

Employee

The spread is taxed at exercise.

The gain from the sale of the shares is taxable.

Employer
Withholding & reporting

Tax withholding and reporting are generally not required unless the Mexican subsidiary reimburses the parent company for the cost of the option benefits.

Deduction

A local tax deduction is generally allowed if the subsidiary reimburses the parent company for the cost of the option benefits under a written agreement. However, reimbursement may trigger withholding and reporting requirements for the subsidiary.

Social insurance

The spread is likely subject to social insurance contributions if the Mexican subsidiary reimburses the parent company for the cost of the option benefits.

Data protection

Mexico has enacted a comprehensive federal data protection law. Employee consent for the processing, disclosure and transfer of personal data is required.

Labor

Although not common, option benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

Communications

Translation

Although it is not legally required, it is recommended that documents regarding employee option plans be translated. All government filings are required to be translated.

Electronic communication

It should be valid for an employee to execute the award agreement electronically.

STOCK PURCHASE RIGHTS

Securities

The offer of purchase rights is generally exempt from affirmative securities law requirements.
**Foreign exchange**

Purchase rights are not subject to any specific foreign exchange restrictions.

**Tax**

**Employee**

The spread is taxed at purchase.

The gain upon the sale of the shares is taxable.

**Employer**

**Withholding & reporting**

Tax withholding and reporting are generally not required unless the Mexican subsidiary reimburses the parent company for the cost of the purchase rights.

**Deduction**

A local tax deduction is generally allowed if the subsidiary reimburses the parent company for the plan costs (i.e., the discount at the time of purchase) under a written agreement. However, reimbursement may trigger withholding and reporting requirements for the subsidiary.

**Social insurance**

The spread is likely subject to social insurance contributions if the Mexican subsidiary reimburses the parent company for the cost of the purchase rights.

**Data protection**

Mexico has enacted a comprehensive federal data protection law. Employee consent for the processing, disclosure and transfer of personal data is required.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In light of restrictions on payroll deductions, alternative arrangements may be necessary for contributions to the plan.
Communications

Translation

Although it is not legally required, it is recommended that documents regarding employee purchase plans be translated. All government filings are required to be translated.

Electronic communication

It should be valid for an employee to execute the offer document electronically.

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Dutch law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from the prospectus requirements.

Foreign exchange

No exchange control or foreign exchange requirements or restrictions apply.

Tax

Employee

Restricted stock is taxed upon the granting of the stock (or cash settlement) as income from employment at the progressive income tax rate up to 49.5 percent.

RSUs are taxed upon the delivery of shares (which is generally upon vesting) as income from employment at the progressive tax rate up to 49.5 percent.

Generally, there is no tax upon the sale of shares if the shareholder, together with their fiscal partner, has an interest less than 5 percent in the nominal subscribed share capital (determined per class of shares). However, an annual tax on deemed return on investment may apply.

Employer

Withholding & reporting

Withholding and reporting requirements apply.

Deduction

A local tax deduction is not allowed.
Social insurance

Social insurance contributions are imposed on restricted stock and RSU benefits to the extent that the employee's annual employment income has not yet exceeded the maximum income base for social security premiums.

Data protection

In order to comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the processing and transfer of personal data and that the employees are properly informed about the data processing. The employer also is required to register all data processing activities and any database that includes an employee’s personal data with the Dutch personal data protection authorities.

Personal data can only be transferred to a non-EU/EEA country if such country provides an adequate level of protection or if additional safeguards have been implemented.

Personal data may not be further processed in a way incompatible with the purposes the data was collected. Personal data may only be processed, where, given the purposes for which they are collected or subsequently processed, it is adequate, relevant and not excessive. Sensitive data may not be processed unless an exception applies.

Labor

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be reconsidered when awarding restricted stock or RSUs.

If the Dutch employer has a works council, it may be necessary to notify the works council prior to an award. The approval of a works council may be needed to terminate a plan.

Communications

Translation

A translation of the plan is not required. However, the local tax authorities may require a translation if the plan is submitted for a tax ruling. A translation may further be recommended to ensure that employees understand the terms of their awards.

Electronic communication

It is generally acceptable for award agreements to be electronically executed.

STOCK OPTIONS

Securities
The EU Prospectus Directive has been implemented into Dutch law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

**Foreign exchange**

No exchange control or foreign exchange requirements or restrictions apply.

**Tax**

**Employee**

Options that first vested on or after January 1, 2005 are subject to tax upon exercise. The difference between the market value and the exercise price is taxed as income from employment at the progressive income tax rate, up to 49.5 percent. Generally, there is no tax upon the sale of shares if the shareholder, together with their fiscal partner, has an interest less than 5 percent in the nominal subscribed share capital (determined per class of shares). However, an annual tax on deemed return on investment may apply.

Innovative startups may enjoy a partial exemption of Dutch wage tax. Under this partial exemption, only 75% of the difference between the market value and the exercise price is taxed as taxable wage. In order to be able to rely on the partial exemption, the employer must, inter alia, have an R&D Wage Tax Declaration (WBSO verklaring). The partial exemption applies up to EUR 50,000 in taxable wage derived from exercising the options and only applies after at least twelve months and no more than five years have lapsed between the grant and the exercising of the options.

**Employer**

**Withholding & reporting**

Withholding and reporting requirements apply.

**Deduction**

A local tax deduction is not allowed.

**Social insurance**

Social insurance contributions are imposed on option benefits to the extent that the employee’s annual employment income has not yet exceeded the maximum income base for social security premiums.

**Data protection**

In order to comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the processing and transfer of personal data, and that the employees are properly informed about the data processing. The employer also is required to register all data processing activities and any database that includes an employee’s personal data with the Dutch data protection authorities.

Personal data can only be transferred to a non-EU/EEA country if such country provides an adequate level of
protection, or if additional safeguards have been implemented.

Personal data may not be further processed in a way incompatible with the purposes for which the data was collected. Personal data may only be processed where, given the purposes for which they are collected or subsequently processed, it is adequate, relevant and not excessive. Sensitive data may not be processed, unless an exception applies.

**Labor**

In order to reduce the risk of employee claims, the award agreement signed by employees should provide, among other things, that vesting of an option ceases upon termination of employment and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding options.

If the Dutch employer has a works council, it may be necessary to notify the works council prior to an award. The approval of a works council may be needed to terminate a plan.

**Communications**

**Translation**

A translation of the plan is not required. However, the local tax authorities may require a translation if the plan is submitted for a tax ruling. A translation may further be recommended to ensure that employees understand the terms of their awards.

**Electronic communication**

It is generally acceptable for award agreements to be electronically executed.

**STOCK PURCHASE RIGHTS**

**Securities**

The EU Prospectus Directive has been implemented into Dutch law. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

**Foreign exchange**

No exchange control/foreign exchange requirements or restrictions apply.

**Tax**

**Employee**

At exercise of the purchase rights, the difference between the market value of the shares and the exercise price is taxed as income from employment at the progressive income tax rate of up to 49.5 percent.

The gain upon the sale of shares is not taxable if the shareholder (together with their fiscal partner) has an interest
less than 5 percent in the nominal subscribed share capital (determined per class of shares). However, an annual tax on deemed return on investment may apply.

**Employer**

**Withholding & reporting**

Withholding and reporting requirements apply.

**Deduction**

A local tax deduction is not allowed.

**Social insurance**

Social insurance contributions are imposed on benefits to the extent that the employee's annual employment income has not yet exceeded the maximum income base for social security premiums.

**Data protection**

In order to comply with certain aspects of existing data protection requirements, it is recommended that employee consent be obtained for the processing and transfer of personal data, and that the employees are properly informed about the data processing. The employer also is required to register all data processing activities and any database which includes an employee's personal data with the Dutch personal data protection authorities.

Personal data can only be transferred to a non-EU/EEA country if such country provides an adequate level of protection or if additional safeguards have been implemented.

Personal data may not be further processed in a way incompatible with the purposes for which the data was collected. Personal data may only be processed where, given the purposes for which it is collected or subsequently processed, it is adequate, relevant and not excessive. Sensitive data may not be processed, unless an exception applies.

**Labor**

In order to reduce the risk of employee claims, the offer document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules need to be considered when awarding purchase rights. If the Dutch employer has a works council, it may be necessary to notify it prior to an award. The approval of the works council may be needed to terminate a plan.

**Communications**

**Translation**

A translation of the plan is not required. However, the local tax authorities may require a translation if the plan is submitted for a tax ruling. A translation may further be recommended to ensure that employees understand the
Electronic communication

It is generally acceptable for employees' offer documents to be executed electronically.

KEY CONTACTS

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NEW ZEALAND

RESTRICTED STOCK AND RSUS

Securities

Offers of Restricted stock and RSUs (shares) will require compliance with securities law. Reduced compliance may be available under certain exemption provisions. If the employee share exemption can be used, compliance obligations are fairly light (including providing the offeree with the prescribed warning statement and the financial statements of the offeror or a notice confirming that the financial statements are available from the offeror on request). Alternative exemptions may be available under certain circumstances.

Foreign exchange

Generally, there should not be issues of foreign exchange restrictions.

Tax

Employee

- The benefit to the employee is income. The benefit of restricted stock/RSUs is generally the difference between what the employee pays and the market value of the shares at the taxing date. The taxing date is when an employee holds the shares like any other shareholder (e.g., there is no material risk that the employee will lose the shares and there is no downside protection)

- From April 1, 2017, an employer is required to report the value of the benefit at the taxing date through payroll reporting

- Whether tax on the benefit is returned by the employee or the employer will be fact-dependent, although the primary obligation remains with the employee

- The tax implications of holding the shares and selling the shares after the taxing date will be fact-dependent, although New Zealand does not have a general capital gains tax, applications of holding the stock and of selling it will be fact-dependent

Employer
**Withholding & reporting**

- From April 1, 2017 an employer is required to report the value of the benefit at the taxing date through payroll reporting.

- Whether tax on the benefit is returned by the employee or the employer will be fact-dependent, although the primary obligation remains with the employee.

**Deduction**

A New Zealand employer will generally be entitled to a corporate income tax deduction for restricted share awards by reference to the amount on which the employee is taxed and the deduction arises at the time the employee is taxed.

**Social insurance**

New Zealand does not operate a general social insurance regime.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required before the transfer of personal data abroad.

**Labor**

In order to reduce the risk of employee claims, the offering document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

It will be fact-dependent as to whether the benefit is deemed as "salary" for employment law purposes and/or "gross earnings" for calculating holiday pay. The benefit should not give rise to additional superannuation / KiwiSaver contribution obligations.

**Communications**

Generally, the offering document must be in English.

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**STOCK OPTIONS**

**Securities**

Offers of stock options will require compliance with securities law. Reduced compliance may be available under certain exemption provisions. If the employee share exemption can be used, compliance obligations are fairly light (including providing the offeree with the prescribed warning statement and the financial statements of the offeror or a notice confirming the that the financial statements are available from the offeror on request). Alternative exemptions may be available under certain circumstances.
**Foreign exchange**

Generally, there should not be issues of foreign exchange restrictions.

**Tax**

**Employee**

- The benefit to the employee is income. The benefit of stock options is generally the difference between what the employee pays on exercise (or sale) of the option and the market value of the shares on the taxing date. The taxing date is when the option is exercised or when an employee holds the shares like any other shareholder (e.g., there is no material risk that the employee will lose the shares and there is no downside protection) whichever is later.

- From April 1, 2017, an employer is required to report the value of the benefit at the taxing date through payroll reporting.

- Whether tax on the benefit is returned by the employee or the employer will be fact-dependent, although the primary obligation remains with the employee.

- The tax implications of holding the shares and selling the shares after the taxing date will be fact-dependent, although New Zealand does not have a general capital gains tax.

**Employer**

**Withholding & reporting**

- From April 1, 2017 an employer is required to report the value of the benefit at the taxing date through payroll reporting.

- Whether tax on the benefit is returned by the employee or the employer will be fact-dependent, although the primary obligation remains with the employee.

**Deduction**

A New Zealand employer will generally be entitled to a corporate income tax deduction for employee share options by reference to the amount on which the employee is taxed and the deduction arises at the time the employee is taxed.

**Social insurance**

New Zealand does not operate a general social insurance regime.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required before the transfer of personal data abroad.
Labor

In order to reduce the risk of employee claims, the offering document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

It will be fact-dependent as to whether the benefit is deemed as "salary" for employment law purposes and/or "gross earnings" for calculating holiday pay. The benefit should not give rise to additional superannuation / KiwiSaver contribution obligations.

Communications

Generally, the offering document must be in English.

STOCK PURCHASE RIGHTS

Securities

Offers of stock purchase rights will require compliance with securities law. Reduced compliance may be available under certain exemption provisions. If the employee share exemption can be utilised, compliance obligations are fairly light (including, providing the offeree with the prescribed warning statement and the financial statements of the offeror or a notice confirming the that the financial statements are available from the offeror on request). Alternative exemptions may be available under certain circumstances.

Foreign exchange

Generally, there should not be issues of foreign exchange restrictions.

Tax

Employee

- The benefit to the employee is income. The benefit of stock purchase rights is generally the difference between what the employee pays to acquire the shares and the market value of the shares on the taxing date. The taxing date is when the rights are exercised or when an employee holds the shares like any other shareholder (eg, there is no material risk that the employee will lose the shares and there is no downside protection) whichever is later

- From April 1, 2017 an employer is required to report the value of the benefit at the taxing date through payroll reporting

- Whether tax on the benefit is returned by the employee or the employer will be fact-dependent, although the primary obligation remains with the employee

- The tax implications of holding the shares and selling the shares after the taxing date will be fact-dependent, although New Zealand does not have a general capital gains tax
Employer

Withholding & reporting

- From April 1, 2017 an employer is required to report the value of the benefit at the taxing date through payroll reporting

- Whether tax on the benefit is returned by the employer or the employee will be fact-dependent

Deduction

A New Zealand employer will generally be entitled to a corporate income tax deduction for share purchase rights by reference to the amount on which the employee is taxed and the deduction arises at the time the employee is taxed.

Social insurance

New Zealand does not operate a general social insurance regime.

Data protection

Obtaining employee consent for the processing and transfer of personal data is required before the transfer of personal data abroad.

Labor

In order to reduce the risk of employee claims, the offering document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

It will be fact-dependent as to whether the benefit is deemed as "salary" for employment law reasons and/or "gross earnings" for calculating holiday pay. The benefit should not give rise to additional superannuation / KiwiSaver contribution obligations.

Communications

Generally, the offering document must be in English.
KEY CONTACTS

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RESTRICTED STOCK AND RSUS

Securities

Generally, stock awards in public companies are subject to the Nigerian Stock Exchange Rules, the Investment and Securities Act and the Securities and Exchange Commission Rules, as well as several other industry-specific regulations including, but not limited to, the Banks and Other Financial Institutions Act and several circulars issued by the Central Bank of Nigeria.

Except for the Nigerian Stock Exchange Rule, which provides that every listed company may only reserve a maximum of 10 percent of its issued share capital for its employees, there is no specific restriction for the offering of shares to employees. Where a proportion of the shares in a placement or public offer is reserved for employees, the company shall provide the stock exchange along with the General Undertaking, a list of members of staff who have been allotted shares, the number of such shares, the capacity in which they work for the company and the number of years of service with the company.

For non-listed entities, however, there are generally no restriction on stock awards save for the provision of the Companies and Allied Matters Act, which specifically dictates that a company may not purchase or otherwise acquire shares issued by it.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange control restrictions other than the generally applicable restrictions applicable to repatriation of capital.

Tax

Employee

The employee is taxed on restricted stock upon grant and on RSUs upon vesting provided that the conditions of the vesting are fulfilled and some benefit or income is received by the employee. Such accrued income is taxable, and rules relating to the personal income tax of employees shall apply.

Employer
**Withholding & reporting**

Upon grant for restricted stock and upon vesting of RSUs, any dividend paid to an employee as a shareholder is liable to withholding tax at 10 percent.

Every employer is required to file, alongside their annual return, a schedule showing the information on its employees share option.

**Deduction**

The employee is required to compute tax on the difference between the actual share price and the exercise price and remit to the relevant tax authority. The obligation to deduct tax arises on the exercise date or the effective date of payment for phantom shares. The share price for a public limited liability company is the value for which the shares are traded on the stock market at the date of the exercise. For non-listed companies, the price per share is the net assets of the company issuing the shares divided by the number of shares. The taxable benefit for a phantom share is the cash payment made to the employee.

**Social insurance**

Social insurance contributions are generally payable by the employer and the employee. However, there are no specific requirements for social insurance contributions in relation to employee share and stock options.

**Data protection**

There is no specific data protection legislation in relation to the collection, storage, processing, management and treatment of personal information of employees. However, recourse is usually had to the provisions of the Nigerian constitution, which guarantees the right of citizens to privacy of their homes, telephone conversations and telegraphic communications, as well as the 2019 Data Protection Regulations, which provide for the requirement of the consent of a data subject before use, collection and processing of personal data belonging to that person for a specific and lawful purpose.

In the absence of specific protections under the law relating to employees, employers are also advised to ensure that the terms of each employee’s contract of employment contains a provision pursuant to which an employee consents to the purpose, treatment and use by the employer, of any personal information provided by the employee to the employer in the context of the employment relationship.

**Labor**

In Nigeria, participation in any employee stock award or scheme is discretionary, and termination of employment typically results in the loss of unvested rights and the provisions of the scheme.

**Communications**

Employee communications are required to be interpreted in a language they understand. All filings with the government must be translated to English and notarized as duly translated by a Notary Public or Commissioner for Oath.
STOCK OPTIONS

Securities

For listed companies, the grant of stock options to employees triggers registration and disclosure requirements with the Nigerian Stock Exchange (NSE). A listed company in Nigeria may only reserve a maximum of 10 percent of its issued share capital for its employees. Where a proportion of the shares in a placement or public offer is reserved for employees, the company shall provide the stock exchange along with the General Undertaking, a list of members of staff who have been allotted shares, the number of such shares, the capacity in which they work for the company and the number of years of service with the company.

For non-listed entities, however, there are generally no restrictions on stock options save for the provision of the Companies and Allied Matters Act, which specifically dictates that a company may not purchase or otherwise acquire shares issued by it.

Foreign exchange

Stock options are not subject to any specific foreign exchange control restrictions other than the generally applicable restrictions applicable to repatriation of capital.

Tax

Employee

The employee is taxed on income derived upon the grant of a stock option. Such income is deemed as taxable, and rules relating to the personal income tax of employees shall apply.

Employer

Withholding & reporting

Upon grant of a stock option, any dividend paid to an employee as a shareholder is liable to withholding tax at 10 percent.

Every employer is required to file, alongside their annual return, a schedule showing the information on its employees’ share option.

Deduction

The employee is required to compute tax on the difference between the actual share price and the exercise price and remit to the relevant tax authority. The obligation to deduct tax arises on the exercise date or the effective date of payment for phantom shares. The share price for a public limited liability company is the value for which the shares are traded on the stock market at the date of the exercise. For non-listed companies, the price per share is the net assets of the company issuing the shares divided by the number of shares. The taxable benefit for a phantom share is the cash payment made to the employee.

Social insurance
Social insurance contributions are generally payable by the employer and the employee. However, there are no specific requirements for social insurance contributions in relation to employee share and stock options.

**Data protection**

There is no specific data protection legislation in relation to the collection, storage, processing, management and treatment of personal information of employees. However, recourse is usually had to the provisions of the Nigerian constitution, which guarantees the right of citizens to privacy of their homes, telephone conversations and telegraphic communications, as well as the 2019 Data Protection Regulations, which provides for the requirement of the consent of a data subject before the use, collection and processing of personal data belonging to that person for a specific and lawful purpose.

In the absence of specific protections under the law relating to employees, employers are also advised to ensure that the terms of each employee’s contract of employment contains a provision pursuant to which an employee consents to the purpose, treatment and use by the employer, of any personal information provided by the employee to the employer in the context of the employment relationship.

**Labor**

In Nigeria, participation in any employee share option or scheme is discretionary, and termination of employment typically results in the loss of unvested rights and the provisions of the scheme.

**Communications**

Employee communications are required to be interpreted in a language they understand. All filings with the government must be translated to English and notarized as duly translated by a Notary Public or Commissioner for Oath.

**STOCK PURCHASE RIGHTS**

**Securities**

Generally, right issuance to existing shareholders is governed by the terms of issuance and subject to the express provision of the articles of association. Right issues by listed entities are tradable securities subject to prior approval of the Nigerian Securities and Exchange Commission and the rules of the relevant securities exchange.

**Foreign exchange**

Stock purchase rights are not subject to any specific foreign exchange control restrictions other than the generally applicable restrictions applicable to repatriation of capital.

**Tax**

**Employee**

The employee is taxed on income derived upon the exercise of stock purchase rights, and rules relating to the personal income tax of employees shall apply.
Employer

Withholding & reporting

Any dividend paid to an employee as a stock purchase right is liable to withholding tax at 10 percent.

Every employer is required to file, alongside their annual return, a schedule showing the information on its employees share option.

Deduction

The employee is required to compute tax on the difference between the actual share price and the exercise price and remit to the relevant tax authority. The obligation to deduct tax arises on the exercise date or the effective date of payment for phantom shares. The share price for a public limited liability company is the value for which the shares are traded on the stock market at the date of the exercise. For non-listed companies, the price per share is the net assets of the company issuing the shares divided by the number of shares. The taxable benefit for a phantom share is the cash payment made to the employee.

Social insurance

Social insurance contributions are generally payable by the employer and the employee. However, there are no specific requirements for social insurance contributions in relation to employee share and stock options.

Data protection

There is no specific data protection legislation in relation to the collection, storage, processing, management and treatment of personal information of employees. However, recourse is usually had to the provisions of the Nigerian constitution, which guarantees the right of citizens to privacy of their homes, telephone conversations and telegraphic communications, as well as the 2019 Data Protection Regulations, which provides for the requirement of the consent of a data subject before the use, collection and processing of personal data belonging to that person for a specific and lawful purpose.

In the absence of specific protections under the law relating to employees, employers are also advised to ensure that the terms of each employee’s contract of employment contains a provision pursuant to which an employee consents to the purpose, treatment and use by the employer, of any personal information provided by the employee to the employer in the context of the employment relationship.

Labor

In Nigeria, participation in any employee stock award or scheme is discretionary, and termination of employment typically results in the loss of unvested rights and the provisions of the scheme.

Communications

Employee communications are required to be interpreted in a language they understand. All filings with the government must be translated to English and notarized as duly translated by a Notary Public or Commissioner for Oath.
RESTRICTED STOCK AND RSUS

Securities

As part of the European Economic Area, the EU Prospectus Directive has been implemented into Norwegian law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from prospectus requirements.

Foreign exchange

There are no specific foreign exchange restrictions.

Tax

Employee

Restricted stock is taxed upon grant.

RSUs are taxed upon vesting.

The gain upon the sale of shares is taxed. The shares also may be subject to annual wealth tax.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

Reimbursement made to the parent company for the cost of the benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

Social insurance
Restricted stock and RSUs are subject to social insurance contributions.

**Data protection**

The employer must have sufficient legal basis for processing of personal data under the plan. For example, such processing is necessary in order to administer obligations under the plan. Specific conditions must be met if personal data is transferred outside the EU/EEA.

**Labor**

We recommend including the conditions of the awards in a separate plan rather than in the employment agreement. In such cases, it is less likely that the awards will be considered to be individual rights of the employee. The employer will have more flexibility to adopt changes. In order to reduce the risk of employee claims, the plan should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

**Communications**

Although it is not legally required, we recommend translating any documents regarding employee stock plans. All filings with the government are required to be in Norwegian or English.

**STOCK OPTIONS**

**Securities**

As part of the European Economic Area, the EU Prospectus Directive has been implemented into Norwegian law. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (e.g., the 150-person exemption).

**Foreign exchange**

Except for certain large currency transactions, there are no specific foreign exchange requirements.

**Tax**

**Employee**

The stock option is taxed upon exercise.

Any gain on sale of shares is taxable in the year the shares are sold.

The shares also may be subject to annual wealth tax.

**Employer**

**Withholding & reporting**
Withholding and reporting are required.

**Deduction**

Reimbursement made to the parent company for the cost of the benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

**Social insurance**

The spread is subject to social insurance contributions at exercise.

**Data protection**

The employer must have sufficient legal basis for the processing of personal data under the plan. For example, such processing is necessary in order to administer obligations under the plan. Specific conditions must be met if personal data is to be transferred outside the EU/EEA.

**Labor**

In general, it is recommended that any awards be included in a separate plan rather than in the employment agreement. In such cases, it is less likely that the awards will be considered to be the individual rights of the employee. The employer will have more flexibility to adopt changes. In order to reduce the risk of employee claims, the plan should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be considered when awarding stock options.

**Communications**

Although it is not legally required, it is recommended to translate documents regarding employee stock plans. Any filings with the government are required to be in Norwegian or English.

**STOCK PURCHASE RIGHTS**

**Securities**

As part of the European Economic Area, the EU Prospectus Directive has been implemented into Norwegian law. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

**Foreign exchange**

Except for certain large currency transactions, there are no specific foreign exchange requirements.

**Tax**
Employee

The spread is taxed upon exercise.

The gain from the sale of shares is taxed in the year the shares are sold.

The shares also may be subject to annual wealth tax.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

Reimbursement of the parent company for the cost of the spread, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

Social insurance

The spread is subject to social insurance contributions at exercise.

Data protection

The employer must have sufficient legal basis for processing of personal data under the plan. For example, such processing is necessary in order to administer obligations under the plan. Specific conditions must be met if personal data is to be transferred outside the EU/EEA.

Labor

It is recommended that the conditions of the awards be included in a separate plan rather than in the employment agreement. In such cases, it is less likely that the awards will be considered to be individual rights of the employee. The employer will have more flexibility to adopt changes. In order to reduce the risk of employee claims, the plan should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary. In addition, anti-discrimination rules must be considered when awarding purchase rights.

Communications

Although it is not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filings with the government are required to be in Norwegian or English.
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RESTRICTED STOCK AND RSUS

Securities

Securities restrictions typically apply; however, exemptions for restricted stock and RSUs are available. Offerings to fewer than 20 employees are exempt from securities registration requirements without any notice required to be filed with the Philippine Securities and Exchange Commission. An exemption from registration requirements may be obtained for offerings to 20 or more employees where such offerings are considered of limited character.

Foreign exchange

There are generally no foreign exchange restrictions applicable to restricted stocks and RSUs.

Tax

Employee

Restricted stock is likely taxed upon vesting.

RSUs are generally taxed upon vesting.

If the Philippine subsidiary reimburses the parent company for the cost of the award benefit, it is required to pay a fringe benefit tax on any such benefits received by non-rank-and-file employees of the Philippine subsidiary.

The gain upon the sale of shares is taxed.

Employer

Withholding & reporting

Withholding and reporting by the Philippine subsidiary are generally not required, unless the Philippine subsidiary reimburses the parent company for the cost of the benefit.

Deduction
A Philippine subsidiary’s reimbursement to the parent company for the cost of the benefits, pursuant to a written agreement and in compliance with withholding requirements, will probably enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

Unless the parent company is reimbursed by the Philippine subsidiary for restricted stock or RSU benefits, such benefits generally are not subject to social insurance contributions.

**Data protection**

Employee consent for the processing and transfer of personal data should be obtained.

**Labor**

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Documents regarding employee stock plans may be in English and there is no legal requirement that such document be translated. Any filing with the government may be, and is usually in English.

**STOCK OPTIONS**

**Securities**

Securities restrictions typically apply; however, exemptions for stock options are available. Offerings to fewer than 20 employees are exempt from securities registration requirements without any notice being required to be filed with the Philippine Securities and Exchange Commission. An exemption from registration requirements may be obtained for offerings to 20 or more employees where such offerings are considered of limited character.

**Foreign exchange**

There are generally no specific foreign exchange requirements applicable to stock options.

**Tax**

**Employee**

The spread is taxable at exercise.

If the Philippine subsidiary reimburses the parent company for the cost of the option benefits, it is required to pay a fringe benefit tax on any such benefits received by non-rank-and-file employees of the Philippine subsidiary.

The gain upon the sale of shares is taxed.
Employer

Withholding & reporting

Withholding and reporting by the Philippine subsidiary generally are not required unless the Philippine subsidiary reimburses the parent company for the cost of the benefits.

Deduction

A Philippine subsidiary's reimbursement made to the parent company for the cost of the benefits (eg, the spread), pursuant to a written agreement and compliance with withholding requirements, will probably enable the subsidiary to deduct such cost from its income taxes.

Social insurance

Unless the parent company is reimbursed by the subsidiary for option benefits, such benefits generally are not subject to social insurance contributions.

Data protection

Employee consent for the processing and transfer of personal data should be obtained.

Labor

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

Documents regarding employee stock plans may be in English and there is no legal requirement that such document be translated. Any filing with the government may be, and is usually in English.

STOCK PURCHASE RIGHTS

Securities

Securities restrictions typically apply; however, exemptions for employee stock purchase rights are available. Offerings to fewer than 20 employees are exempt from securities registration requirements without any notice being required to be filed with the Philippine Securities and Exchange Commission. An exemption from registration requirements may be obtained for offerings to 20 or more employees where such offerings are considered of limited character.

Foreign exchange

There are generally no specific foreign exchange requirements applicable to purchase rights.
Tax

EMPLOYEE

The spread is taxable at exercise. If the Philippine subsidiary reimburses the parent company for the cost of the plan benefit, it is required to pay a fringe benefit tax on any such benefits received by non-rank-and-file employees of the Philippine subsidiary.

The gain upon the sale of shares is taxed.

EMPLOYER

Withholding & reporting

Withholding and reporting by the Philippine subsidiary generally are not required unless the Philippine subsidiary reimburses the parent company for the cost of the benefits.

Deduction

A Philippine subsidiary’s reimbursement to the parent company for the cost of the spread, pursuant to a written agreement and in compliance with withholding requirements, will probably enable the subsidiary to deduct such cost from its income taxes.

Social insurance

Unless the parent company is reimbursed by the Philippine subsidiary for purchase right benefits, such benefits generally are not subject to social insurance contributions.

Data protection

Employee consent for the processing and transfer of personal data should be obtained.

Labor

In order to reduce the risk of employee claims, the offer document signed by employees should provide, among other things, that participation in the purchase plan ceases upon termination of employment, and that the plan, and any awards under it, are discretionary.

Communications

Documents regarding purchase plans may be in English and there is no legal requirement that such document be translated. Any filing with the government may be, and is usually in English.
KEY CONTACTS

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Polish law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from prospectus requirements.

Foreign exchange

Reporting requirements may apply to currency transactions.

Tax

Employee

Restricted stock is not taxed upon grant, provided specific conditions are met.

RSUs are not taxed upon vesting, provided specific conditions are met.

The gain from the sale of shares is taxed.

Employer

Withholding & reporting

Withholding and reporting may be required, if the subsidiary reimburses the parent company for the cost of the restricted stock and RSU benefits, and thus the benefits are deemed part of the local employment relationship.

Deduction

The subsidiary should be able to deduct the cost of the benefits from its taxable income if such benefit is deemed to be part of an employee's remuneration and the subsidiary reimburses the company for such remuneration.

Social insurance
Unless the subsidiary is involved in the offer of restricted stock or RSUs, or reimburses the parent company, the benefits from the awards are generally not subject to social insurance contributions.

**Data protection**

GDPR (Regulation EU 2016/679), which is applicable from May 25, 2018, changed the data protection regime. The transfer of personal data to third countries shall take place according to the GDPR regulations. Not all domestic provisions on the processing of employees’ personal data have been set out. Some amendments will be implemented soon as they are still going through the legislative procedure. Categories of personal data of candidates and employees that can be processed by an employer and exceptions to general principles in this respect shall be regulated in the Polish Labour Code.

**Labor**

Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that:

- Participation in the restricted stock or RSU plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs.

**Communications**

Although not legally required, it is recommended that documents regarding employee stock plans be translated. Any filing with the government must be translated.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Directive has been implemented into Polish law. Generally, options are considered transferable securities. Accordingly, unless an offer of options is otherwise exempt (e.g., the 150-person exemption), a prospectus is required.

**Foreign exchange**

Reporting requirements may apply to currency transactions.

**Tax**

Employee

The spread is not taxable at exercise provided specific conditions are met.

The gain upon the sale of shares is taxed.
Employer

Withholding & reporting

Withholding and reporting may be required if the subsidiary reimburses the parent company for the cost of the option benefits, and thus the benefits are deemed part of the local employment relationship.

Deduction

The subsidiary should be able to deduct the cost of the option benefits (e.g., the spread) from its taxable income if such benefits are deemed to be part of an employee's remuneration and the subsidiary reimburses the parent company for such remuneration.

Social insurance

Unless the subsidiary is involved in the offer of options or reimburses the parent company, the benefits from options generally are not subject to social insurance contributions.

Data protection

GDPR (Regulation EU 2016/679), which is applicable from May 25, 2018, changed the data protection regime. The transfer of personal data to third countries shall take place according to the GDPR regulations. Not all domestic provisions on the processing of employees' personal data have been set out. Some amendments will be implemented soon as they are still going through the legislative procedure. Categories of personal data of candidates and employees that can be processed by an employer and exceptions to general principles in this respect shall be regulated in the Polish Labor Code.

Labor

Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding options.

Communications

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.

STOCK PURCHASE RIGHTS

Securities
The EU Prospectus Directive has been implemented into Polish law. Generally, purchase rights are considered transferable securities. Accordingly, unless an offer of purchase rights is otherwise exempt (e.g., the 150-person exception), a prospectus is required.

**Foreign exchange**

Reporting requirements may apply to currency transactions.

**Tax**

*Employee*

The spread should not be taxable at purchase provided specific conditions are met.

The gain from the sale of shares is taxed.

*Employer*

**Withholding & reporting**

Withholding and reporting may be required, if the subsidiary reimburses the parent company for the cost of the benefits, and thus the benefits are deemed part of the local employment relationship.

**Deduction**

The subsidiary should be able to deduct the cost of the benefits (i.e., the discount at the time of purchase) from its taxable income, if such benefit is deemed to be part of an employee’s remuneration and the subsidiary reimburses the parent company for such remuneration.

**Social insurance**

Unless the subsidiary is involved in the offer of purchase rights or reimburses the parent company, the spread is generally not subject to social insurance contributions.

**Data protection**

GDPR (Regulation EU 2016/679), which is applicable from May 25, 2018, changed the data protection regime. The transfer of personal data to third countries shall take place according to the GDPR regulations. Not all domestic provisions on the processing of employees’ personal data have been set out. Some amendments will be implemented soon as they are still going through the legislative procedure. Categories of personal data of candidates and employees that can be processed by an employer and exceptions to general principles in this respect shall be regulated in the Polish Labour Code.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:
• Participation in the plan is discretionary

• Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding purchase rights.

**Communications**

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filing with the government must be translated.

**KEY CONTACTS**

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RESTRICTED STOCK AND RSUS

**Securities**

Portuguese entities do not issue restricted stock or RSUs.

As a rule, stock offers are subject to the Portuguese legal framework transposing the relevant European Directives, namely DIRECTIVE 2003/71/EC (the Prospectus Directive). The prospectus is not required for offers of securities for distribution to current or former employees by the relevant employer, by a company in a control or group relation with the latter or by a company subject to common control, provided the issuer has its registered or actual head office in the EU and that a document is made available containing information on the number and nature of the securities as well as the reasons for and details of the offer.

The same applies to securities offers issued by a company established outside the EU whose securities are admitted to trading on a regulated market authorized in the EU or in a third-country market, provided additional conditions are met.

Advertising materials in connection with a stock offer are subject to a pre-approval by the Portuguese Securities Market authority.

**Foreign exchange**

There are no foreign exchange controls in Portugal for transfers made by individuals. However, financial institutions may be required to notify the Bank of Portugal in case certain thresholds are reached.

**Tax**

**Employee**

Restricted stock is taxed upon grant.

RSUs are taxed upon vesting.

The gain from the sale of shares is taxed.
Employer

**Withholding & reporting**

Tax withholding is not required. However, the employer can withhold tax upon the employee’s request.

Reporting requirements may apply.

**Deduction**

Reimbursement of the parent company by the subsidiary for the cost of the benefits should enable the subsidiary to deduct such cost.

**Social insurance**

Employers and employees make monthly social security contributions based on monthly earnings – as a rule, 23.75 percent of the relevant retribution for the employer and 11 percent for the employee. Ownership of securities is not taken into consideration to calculate said contribution, unless it is considered part of the employee’s remuneration.

**Data protection**

In order to comply with certain aspects of data protection requirements and of the GDPR, it is essential to assess which is the legal basis for the collection and processing of personal data, keeping in mind the specific circumstances of the case (e.g., execution of a labor agreement, employee consent). In case the processing of personal data falls outside the scope of a labor agreement execution, the consent of the employee for transfer of personal data may be required.

Since the implementation of the GDPR, employers are no longer required to register their employee database or request prior authorization from the Portuguese Data Protection Authority (CNPD) to process employees’ personal data. In any case, it is crucial that all mandatory information regarding the processing of such personal data, notably the data subjects’ rights (e.g., right of access, rectification) is provided to the employees.

**Labor**

Plan benefits may be considered part of the employee’s remuneration. To decrease the likelihood of claims for employee entitlements, in the award agreement evidencing the grant, employees should expressly agree that:

- Participation in the restricted stock or RSU plan is discretionary and may be revoked at any time by the employer, without the need to present a justification and

- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

**Communications**

Translation
Although not legally required, it is recommended that documents regarding employee stock plans be translated. Any filing with the government must be translated.

Electronic communication

In most circumstances, it is acceptable for award agreements to be electronically executed.

STOCK OPTIONS

Securities

Holders of stock options do not have an actual ownership interest in the company at the time of issuance as such stock options do not grant voting rights, rights to dividends or any other privileges or liabilities arising from ownership of stock.

As a rule, stock offers are subject to the Portuguese legal framework transposing the relevant European Directives, namely DIRECTIVE 2003/71/EC (the Prospectus Directive). The prospectus is not required for offers of securities for distribution to current or former employees by the relevant employer, by a company in a control or group relation with the latter or by a company subject to common control, provided the issuer has its registered or actual head office in the EU and that a document is made available containing information on the number and nature of the securities as well as the reasons for and details of the offer.

The same applies to securities offers issued by a company established outside the EU whose securities are admitted to trading on a regulated market authorized in the EU or in a third-country market, provided additional conditions are met.

Advertising materials in connection with a stock offer are subject to a pre-approval by the Portuguese Securities Market authority.

Foreign exchange

There are no foreign exchange controls in Portugal for transfers made by individuals. However, financial institutions may be required to notify the Bank of Portugal in case certain thresholds are reached.

Tax

Employee

The spread is taxed upon exercise.

The gain from the sale of shares is taxed.

Any gain arising from the sale of the stock option is also taxed.

Employer

Withholding & reporting
Tax withholding is not required. However, the employer can withhold tax upon the employee’s request.

Reporting requirements may apply.

**Deduction**

Reimbursement of the parent company by the subsidiary for the cost of the option benefits (e.g., the spread) should enable the subsidiary to deduct such cost.

**Social insurance**

Employers and employees make monthly social security contributions based on monthly earnings – as a rule, 23.75 percent of the relevant retribution for the employer and 11 percent for the employee. Ownership of securities is not taken into consideration to calculate said contribution, unless it is considered part of the employee’s remuneration.

**Data protection**

In order to comply with certain aspects of data protection requirements and of the GDPR, it is essential to assess which is the legal basis for the collection and processing of personal data, having in mind the specific circumstances of the case (e.g., execution of a labor agreement, employee consent). In case the processing of personal data falls outside the scope of a labor agreement execution, the employee consent for transfer of personal data may be required. Since the implementation of the GDPR, employers are no longer required to register their employee database or request prior authorization from the Portuguese Data Protection Authority (CNPD) to process employees’ personal data. In any case, it is crucial that all mandatory information regarding the processing of such personal data, notably the data subjects’ rights (e.g., right of access, rectification) is provided to the employees.

**Labor**

Plan benefits may be considered part of the employee’s remuneration. To decrease the likelihood of claims for employee entitlements, in the option agreement evidencing the grant, employees should expressly agree that:

- Participation in the option plan is discretionary and may be revoked at any time by the employer, without the need to present a justification and

- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules need to be considered when awarding options.

**Communications**

**Translation**

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.

**Electronic communication**
In most circumstances, it is acceptable for award agreements to be electronically executed.

**STOCK PURCHASE RIGHTS**

**Securities**

Holders of stock options do not have an actual ownership interest in the company at the time of issuance as such stock options do not grant voting rights, rights to dividends or any other privileges or liabilities arising from ownership of stock.

As a rule, stock offers are subject to the Portuguese legal framework transposing the relevant European Directives, namely DIRECTIVE 2003/71/EC (the Prospectus Directive). The prospectus is not required for offers of securities for distribution to current or former employees by the relevant employer, by a company in a control or group relation with the latter or by a company subject to common control, provided the issuer has its registered or actual head office in the EU and that a document is made available containing information on the number and nature of the securities as well as the reasons for and details of the offer.

The same applies to securities offers issued by a company established outside the EU whose securities are admitted to trading on a regulated market authorized in the EU or in a third-country market, provided additional conditions are met.

Advertising materials in connection with a stock offer are subject to a pre-approval by the Portuguese Securities’ Market authority.

**Foreign exchange**

There are no foreign exchange controls in Portugal for transfers made by individuals. However, financial institutions may be required to notify the Bank of Portugal in case certain thresholds are reached.

**Tax**

**Employee**

The spread is taxed upon purchase.

The gain from the sale of shares is taxed.

Any gain arising from the sale of the stock purchase right is also taxed.

**Employer**

**Withholding & reporting**

Tax withholding is not required. However, the employer can withhold the tax upon the employee’s request.

Reporting requirements apply.

**Deduction**
Reimbursement of the parent company by the subsidiary for the cost of the benefits (ie, the discount at the time of purchase) should enable the subsidiary to deduct such cost.

**Social insurance**

Employers and employees make monthly social security contributions based on monthly earnings – as a rule, 23.75 percent of the relevant retribution for the employer and 11 percent for the employee. Ownership of securities is not taken into consideration to calculate said contribution, unless it is considered part of the employee’s remuneration.

**Data protection**

In order to comply with certain aspects of data protection requirements and of the General Data Protection Regulation (GDPR), it is essential to assess which is the legal basis for the collection and processing of personal data, keeping in mind the specific circumstances of the case (eg. execution of a labor agreement, employee consent). In case the processing of personal data falls outside the scope of a labor agreement execution, the consent of the employee for transfer of personal data may be required.

Since the implementation of the GDPR, employers are no longer required to register their employees’ database or request prior authorization from the Portuguese Data Protection Authority (CNPD) to process employees’ personal data. In any case, it is crucial that all mandatory information regarding the processing of such personal data, notably the data subjects’ rights (eg. right of access, rectification) is provided to the employees.

**Labor**

Plan benefits may be considered part of the employee’s remuneration. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and may be revoked at any time by the employer, without the need to present a justification and

- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules need to be considered when awarding purchase rights.

**Communications**

**Translation**

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filing with the government must be translated.

**Electronic communication**

In most circumstances, it is acceptable for offer documents and enrollment forms to be executed electronically.
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RUSSIA

RESTRICTED STOCK AND RSUS

Securities

Generally, stock awards in public companies are subject to securities law restrictions, and currently, there is no special exemption for the offering to the employees. Special rules and additional restrictions exist for offering of securities and other financial instruments by non-Russian issuers.

Stock awards in Russian private companies are not common, and may be subject to different securities law restrictions depending on the nature of such private companies.

Foreign exchange

Russian residents are generally allowed to remit foreign currency to purchase shares of foreign corporations. Provided certain restrictions and reporting requirements are met, employees generally may hold foreign currency in banks located outside of Russia. However, proceeds from a sale of the foreign stock must always be transferred to the bank accounts of Russian currency control residents, opened with a Russian bank. Starting from January 1, 2018, proceeds from disposal of the foreign stock listed at foreign stock exchange in accordance with the list of foreign stock exchanges approved by an Order of the Federal Financial Markets Service could be transferred to foreign bank account of employees – Russian currency control residents provided that such bank accounts are opened with banks of OECD or FATF member states and have been notified by currency control residents to the Russian tax authorities in accordance with the statutory procedure.

Tax

Employee

On the condition that restricted stock and RSUs qualify as shares (securities) or "termed finance instruments" (as defined under the Russian law), they are taxed upon vesting.

Tax is imposed from the sale of shares.

Employer
**Withholding & reporting**

Employers generally must comply with reporting and withholding requirements on any income paid to Russian taxpayers.

**Deduction**

Generally, the subsidiary will not be able to deduct the cost of the benefits from its taxable income.

**Social insurance**

Unless the offer of restricted stock and RSUs is deemed to be an employment benefit, they generally are not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for processing and transferring personal data is required.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

If stock awards are provided by an affiliated company of a Russian employer, it is essential to ensure that the employment agreement entered into between such Russian company and its employee does not contain any references to the stock awards.

**Communications**

Although not legally required, it is recommended that documents regarding employee stock plans be translated. Any filing with the government must be translated.

**STOCK OPTIONS**

**Securities**

Generally, stock awards in public companies are subject to securities law restrictions, and currently there is no special exemption for the offering to the employees. Special rules and additional restrictions exist for offering of securities and other financial instruments by non-Russian issuers.

Stock awards in Russian private companies are not common, and may be subject to different securities law restrictions depending on the nature of such private companies.
**Foreign exchange**

Russian residents generally are allowed to remit foreign currency to purchase shares of foreign corporations. Provided certain restrictions and reporting requirements are met, employees generally may hold foreign currency in banks located outside of Russia. However, proceeds from a sale of the foreign stock must always be transferred to the bank accounts of Russian currency control residents, opened with a Russian bank.

**Tax**

**Employee**

The spread generally is taxed upon exercise.

Tax is imposed upon the sale of shares.

**Employer**

*Withholding & reporting*

Employers generally must comply with reporting and withholding requirements on any income paid to Russian taxpayers.

*Deduction*

Generally, the subsidiary will not be able to deduct the cost of the option benefits (e.g., the spread) from its taxable income.

**Social insurance**

Unless the offer of options is deemed to be an employment benefit, options generally are not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for processing and transferring personal data is required.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and

- Termination of employment will result in the loss of unvested rights

If stock awards are provided by an affiliated company of a Russian employer, it is essential to ensure that the employment agreement entered into between such Russian company and its employee does not contain any
references to the stock awards.

Communications

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.

STOCK PURCHASE RIGHTS

Securities

Generally, employee stock purchase rights in public companies are subject to securities law restrictions and currently there is no special exemption for the offering to the employees. Special rules and additional restrictions exist for offering of securities and other financial instruments by non-Russian issuers.

Stock awards in Russian private companies is not common and may be subject to different securities law restrictions depending on the nature of such private companies.

Foreign exchange

Russian residents generally are allowed to remit foreign currency to purchase shares of foreign corporations. Provided certain restrictions and reporting requirements are met, employees generally may hold foreign currency in banks located outside Russia. However, proceeds from a sale of foreign shares must always be transferred to the bank accounts of Russian currency control residents, opened with a Russian bank.

Tax

Employee

The spread generally is taxed upon purchase.

Tax is imposed upon the sale of shares.

Employer

Withholding & reporting

Employers generally must comply with reporting and withholding requirements on any income paid to Russian taxpayers.

Deduction

Generally, the subsidiary will not be able to deduct the cost of the benefits (ie, the discount at the time of purchase) from its taxable income.

Social insurance

Unless the offer of purchase rights is deemed to be an employment benefit, the spread generally is not subject to
social insurance contributions.

Data protection

Obtaining employee consent for processing and transferring personal data is required.

Labor

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

If stock awards are provided by an affiliated company of a Russian employer, it is essential to ensure that the employment agreement entered into between such Russian company and its employee does not contain any references to the stock awards.

Communications

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filing with the government must be translated.
SAUDI ARABIA

RESTRICTED STOCK AND RSUS

Securities

Any securities offer, including the grant of restricted stock or RSUs, may be subject to securities law requirements. In many cases, exemptions to such requirements are available, if filings are made with local securities authorities.

Foreign exchange

Restricted stocks and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

There is no tax imposed on restricted stock and RSU benefits.

Employer

Withholding & reporting

Withholding and reporting are not required.

Deduction

A subsidiary typically is unable to deduct the cost of the benefits from its income taxes.

Social insurance

Generally, the benefit is unlikely to be subject to social insurance contributions.

Data protection
Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

Although unlikely, in order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary. Restricted stock and RSU benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

**Communications**

Although not legally required, it is recommended that documents regarding restricted stock or RSUs be translated. Any filing with the government must be translated.

**STOCK OPTIONS**

**Securities**

Any securities offer, including the grant of an option, may be subject to securities law requirements. In many cases, exemptions to such requirements are available, if filings are made with local securities authorities.

**Foreign exchange**

In general, option plans are not subject to any specific foreign exchange restrictions.

**Tax**

**Employee**

There is no tax imposed on option benefits.

**Employer**

**Withholding & reporting**

Withholding and reporting are not required.

**Deduction**

A subsidiary typically is unable to deduct the cost of the benefit (eg, the spread) from its income taxes.

**Social insurance**

Generally, the spread is unlikely to be subject to social insurance contributions.

**Data protection**
Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

Although unlikely, in order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. Option benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

**Communications**

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filing with the government must be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

Any securities offer, including the grant of purchase rights, may be subject to securities law requirements. In many cases, exemptions to such requirements are available, if filings are made with local securities authorities.

**Foreign exchange**

In general, purchase rights are not subject to any specific foreign exchange restrictions.

**Tax**

**Employee**

There is no tax imposed on purchase rights benefits.

**Employer**

**Withholding & reporting**

Withholding and reporting are not required.

**Deduction**

A subsidiary typically is unable to deduct the cost of the benefits (ie, the discount at the time of purchase) from its income taxes.

**Social insurance**

Generally, the spread is unlikely to be subject to social insurance contributions.

**Data protection**
Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filing with the government must be translated.

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SINGAPORE

RESTRICTED STOCK AND RSUS

Securities

Offers of restricted stock and RSUs are generally exempt from securities registration requirements.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

Restricted stock and RSUs are generally taxed upon vesting. For restricted stock subject to restriction on sale, the taxing point can be deferred to the time when the restriction ceases to apply.

No tax is imposed upon the sale of shares if the gain is considered capital gain.

Employer

Withholding & reporting

Tax withholding is not required. The employer is required to report income received by an employee from restricted stock and RSUs. If the employee ceases employment in Singapore, any RSUs granted during the Singapore employment which remain unvested will be subject to tax on the market value, determined 1 month before the date of termination of employment (“deemed gain”). If the RSUs are forfeited, there is no deemed gain to be reported. The deemed gain applies to employees who are on employment passes or Singapore permanent residents who expect to leave Singapore for more than 3 months. If the actual gain is less, the employee can submit documentation to show the actual gain and claim a tax refund for the difference. The employee can do so within 4 years from the relevant year of assessment.

Deduction
The subsidiary should be able to deduct the cost of the benefit from its taxable income if:

- Treasury shares are used
- The parent company incurs the costs of acquiring the treasury shares \([A]\) and recharges the amount to the subsidiary \([B]\) and
- The deduction claimed by subsidiary is the lower of \([A]\) or \([B]\) less any amount received from the employees.

**Social insurance**

Restricted stock and RSUs generally are not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required.

**Labor**

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of restricted stock and RSUs ceases upon termination of employment, and that the plan and any awards under it are discretionary. Restricted stock and RSU benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

**Communications**

There are no translation requirements. Any filing with the government must be in English.

**STOCK OPTIONS**

**Securities**

Offers of options are generally exempt from securities registration requirements.

**Foreign exchange**

Options are not subject to any specific foreign exchange restrictions.

**Tax**

**Employee**

The spread generally is taxed upon exercise. The taxing point can be deferred if the shares acquired are subject to sale restriction. In that case, the taxing point will occur when the sale restriction ceases to apply.

No tax is imposed upon the sale of shares if the gain is considered capital gain.
Employer

Withholding & reporting

Tax withholding is not required.

The employer is required to report income received by an employee from an option. If the employee ceases employment in Singapore, any options granted during the Singapore employment which remain unvested and unexercised, will be subject to tax on the difference between the market value determined one month before the date of termination of employment and the exercise price (“deemed gain”). If the options are forfeited, there is no deemed gain to be reported. The deemed gain applies to employees who are on employment passes or Singapore permanent residents who expect to leave Singapore for more than 3 months. If the actual gain is less, the employee can submit documentation to show the actual gain and claim a tax refund for the difference. The employee can do so within 4 years from the relevant year of assessment.

Deduction

The subsidiary should be able to deduct the cost of the option benefits from its taxable income if:

- Treasury shares are used
- The parent company incurs the costs to acquire the treasury shares [A] and recharges the amount to the subsidiary [B] and
- The deduction claimed by the subsidiary is the lower of [A] or [B] less any amount received from the employees.

Social insurance

Options generally are not subject to social insurance contributions.

Data protection

Obtaining employee consent for the processing and transfer of personal data is required.

Labor

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary. Option plan benefits could possibly be characterized as salary for damages calculations in the event of unlawful termination.

Communications

There are no translation requirements. Any filing with the government must be in English.

STOCK PURCHASE RIGHTS
Securities

Offers of purchase rights are generally exempt from securities registration requirements.

Foreign exchange

Purchase rights are not subject to any specific foreign exchange restrictions.

Tax

Employee

The spread generally is taxed upon purchase. If the shares purchased are subject to sale restriction, the taxing point can be deferred to the time when the sale restriction ceases to apply.

No tax is imposed upon the sale of shares if the gain is considered capital gain.

Employer

Withholding & reporting

Tax withholding is not required. The employer is required to report income received by an employee from a purchase right. If the employee ceases employment in Singapore, any rights granted during the Singapore employment which remains unexercised, will be subject to tax on the difference between the market value determined one month before the date of termination of employment and the exercise price (deemed gain). If the rights are forfeited, there is no deemed gain to be reported. The deemed gain applies to employees who are on employment passes or Singapore permanent residents who expect to leave Singapore for more than 3 months. If the actual gain is less, the employee can submit documentation to show the actual gain and claim a tax refund for the difference. The employee can do so within 4 years from the relevant year of assessment.

Deduction

The subsidiary should be able to deduct the cost of the benefit from its taxable income if:

- Treasury shares are used

- The parent company incurs the costs of acquiring the treasury shares [A] and recharges the amount to the subsidiary [B] and

- The deduction claimed by the subsidiary is the lower of [A] or [B] less any amount received from the employees.

Social insurance

The spread generally is not subject to social insurance contributions.

Data protection
Obtaining employee consent for the processing and transfer of personal data is required.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

Approval from the Ministry of Manpower is required for payroll deductions.

**Communications**

There are no translation requirements. Any filing with the government must be in English.
SLOVAK REPUBLIC

RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Slovak Republic law. As the EU Prospectus Directive has been repealed by a new EU regulation on prospectuses, relevant Slovak law was changed on July 21, 2019.

According to Act No. 566/2001 Coll. on Securities and Investment Services, as amended (Slovak Securities Act), the obligation to publish a prospectus shall apply after July 21, 2019 to public offers of securities if the total value of each offer in the EU, calculated over a period of 12 months, exceeds EUR1 million.

Foreign exchange

Generally, there are no specific foreign exchange restrictions. Reporting obligations may apply under certain circumstances.

Tax

Employee

Restricted stock and RSUs are taxed at vesting.

Upon the sale of shares, tax is generally imposed on the gain. Under the Income Tax Act No. 595/2003 Coll. as later amended, this type of tax on income shall be withheld.

The following income shall be exempt from tax:

- Income from the sale or transfer of securities accepted for trading in a regulated market or in a similar foreign regulated market where the period between the acquisition and the sale thereof is more than 1 year and

- The income from the sale of securities that were included in the taxpayer’s business assets is not tax exempt.
Employer

Withholding & reporting

Withholding and reporting generally are required.

Deduction

A Slovak subsidiary’s reimbursement made to the parent company for the cost of the benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

Social insurance

Restricted stock and RSU benefits are generally subject to social insurance contributions and employee health insurance contributions.

Data protection

The Slovak Republic’s adoption of the General Data Protection Regulation (GDPR) is reflected in Act No. 18/2018 Coll. on protection of personal data and on amending and supplementing of certain acts (Slovak Act). The Slovak Act became valid as of January 30, 2018 and effective as of May 25, 2018. It repealed the previous Act No. 122/2013 Coll. on protection of personal data.

In general, the GDPR, alongside certain parts of the Slovak Act, applies to the processing of personal data. The Slovak Act regulates certain specific situations – for example:

If a controller is an employer of a data subject, it is entitled to provide or to publish the data subject’s personal data to the extent of academic title, name, surname, position, personal employee’s number, department, workplace performance, telephone number, fax number, work email address and employer identification details if it is necessary for the completion of the work tasks. However, provision of such personal data shall not interfere the reputability, honor and security of a data subject.

The processing of a national identification number (i.e., birth number) is permitted only if its use is necessary to achieve the given purpose of processing and the special regulation shall not prohibit such processing. The consent to the processing of a national identification number must be explicit and must not be precluded by a specific regulation when it is processed on the legal basis of the data subject’s consent. The publication of birth number is prohibited.

Labor

Restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.
In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

**Communications**

**Translation**

The Slovak Act on State Language requires written legal acts within the labor law or similar legal relationships to be executed in the Slovak language. Such documents may be bilingual.

**Electronic communication**

In some circumstances, it may be acceptable for award agreements to be electronically executed. According to the Labor Inspectorate in the Slovak Republic, it is not common in their practice for such agreements to be concluded electronically.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Directive has been implemented into Slovak law. As the EU Prospectus Directive has been repealed by a new EU Regulation on prospectuses, Slovak law regarding the prospectus was changed as of July 21, 2019. As a general rule, non-transferable options are not considered securities pursuant to Slovak law. According to the Slovak Securities Act, the obligation to publish a prospectus shall apply after July 21, 2019 to public offers of securities only if the total value of each offer in the EU, calculated over a period of 12 months, exceeds EUR1 million.

**Foreign exchange**

Generally, there are no specific foreign exchange restrictions. Reporting obligations may apply under certain circumstances.

**Tax**

**Employee**

Options granted before January 1, 2010 are taxed at vesting on the difference between the fair market value and the exercise price.

Options granted on or after January 1, 2010 are taxed on the spread at exercise.

Upon the sale of shares, tax is imposed on the gain.

**Employer**

**Withholding & reporting**

Withholding and reporting generally are required.
**Deduction**

A Slovak subsidiary’s reimbursement made to the parent company for the cost of the option benefits (e.g., the spread), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

**Social insurance**

Option benefits generally are subject to social insurance contributions and employee health insurance contributions.

**Data protection**

The Slovak Republic’s adoption of the General Data Protection Regulation (GDPR) is reflected in Act No. 18/2018 Coll. on protection of personal data and on amending and supplementing of certain acts (Slovak Act). The Slovak Act became valid as of January 30, 2018 and effective as of May 25, 2018. It repealed the previous Act No. 122/2013 Coll. on protection of personal data.

In general, the GDPR, alongside certain parts of the Slovak Act, applies to the processing of personal data. The Slovak Act regulates certain specific situations – for example:

If a controller is an employer of a data subject, it is entitled to provide or to publish the data subject’s personal data in the extent of academic title, name, surname, position, personal employee’s number, department, place of work performance, telephone number, fax number, work email address and the identification details of employer if it is necessary for the completion of the work tasks. However, provision of such personal data shall not interfere the reputation, honor and security of a data subject.

The processing of a national identification number (i.e., birth number) is permitted only if its use is necessary to achieve the given purpose of processing and the special regulation shall not prohibit such processing. The consent to the processing of a national identification number must be explicit and must not be precluded by a specific regulation when it is processed on the legal basis of the data subject’s consent. The publication of birth number is prohibited.

**Labor**

Option benefits may be considered part of the employment relationship and may be included in severance or retirement payments. Although uncommon, in order to reduce the risk of employee claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding options.

**Communications**

Translation
The Slovak Act on State Language requires the written legal acts within the labor law or similar legal relationships to be executed in the Slovak language. Such documents may be bilingual.

**Electronic communication**

In some circumstances, it may be acceptable for award agreements to be electronically executed. According to an employee of the Labor Inspectorate in the Slovak Republic, in their practice it is not common for such agreements to be concluded electronically.

**STOCK PURCHASE RIGHTS**

**Securities**

The EU Prospectus Directive has been implemented into Slovak law. As the EU Prospectus Directive has been repealed by a new EU Regulation on prospectuses, Slovak law regarding the prospectus was changed as of July 21, 2019. According to Slovak Securities Act the obligation to publish a prospectus shall apply after 21 July 2019 to public offers of securities only in case, if the total value of each such offer in the European Union, calculated over a period of 12 months exceeds EUR1 million.

**Foreign exchange**

Generally, there are no specific foreign exchange restrictions. Reporting obligations may apply under certain circumstances.

**Tax**

**Employee**

The spread is taxed upon purchase.

Upon the sale of shares, tax is generally imposed on the gain.

**Employer**

**Withholding & reporting**

Withholding and reporting generally are required.

**Deduction**

A Slovak subsidiary’s reimbursement made to the parent company for the cost of the benefits (ie, the discount at the time of purchase), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its taxable income.

**Social insurance**

The spread generally is subject to social insurance contributions and employee health insurance contributions.
Data protection

The Slovak Republic’s adoption of the GDPR is reflected in Act No. 18/2018 Coll. on protection of personal data and on amending and supplementing of certain acts (Slovak Act). The Slovak Act became valid as of January 30, 2018 and effective as of May 25, 2018. The Slovak Act repealed the previous Act No. 122/2013 Coll. on protection of personal data.

In general, the General Data Protection Regulation (GDPR), alongside certain parts of the Slovak Act, applies to the processing of personal data. The Slovak Act regulates certain specific situations – for example:

- If a controller is an employer of a data subject, it is entitled to provide or to publish the data subject’s personal data in the extent of academic title, name, surname, position, personal employee’s number, department, place of work performance, telephone number, fax number, work email address and the identification details of employer if it is necessary with respect to the performance of the work tasks. However, provision of such personal data shall not interfere the reputability, honor and security of a data subject.

- The processing of a national identification number (i.e., birth number) is permitted only if its use is necessary to achieve the given purpose of processing and the special regulation shall not prohibit such processing. The consent to the processing of a national identification number must be explicit and must not be precluded by a specific regulation when it is processed on the legal basis of the data subject’s consent. The publication of birth number is prohibited.

Labor

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding purchase rights.

Communications

Translation

The Slovak Act on State Language requires the written legal acts within the labor law or similar legal relationships to be executed in the Slovak language. Such documents may be bilingual.

Electronic communication

In some circumstances, it may be acceptable for offer documents and enrollment forms to be electronically executed.
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SOUTH AFRICA

RESTRICTED STOCK AND RSUS

Securities

Public offers of securities are subject to prospectus requirements, but exemptions are available under certain circumstances.

Foreign exchange

The approval of the Exchange Control Department of the South African Reserve Bank is necessary for employees that exceed their offshore investment allowance limit of ZAR 410 million. This limit is the aggregate of all amounts transferred out of South Africa by the employee at any time.

Tax

Employee

Restricted stock and RSUs are likely taxed upon vesting.

The gain on the sale of shares is generally taxed.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

If the subsidiary reimburses the parent company for the cost of offering the awards, subject to South African Reserve Bank approval, a tax deduction will be available.

Social insurance
Restricted stock and RSUs generally are subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Although not legally required, it is recommended that documents regarding employee stock plans be translated. Any government filings must be translated.

**STOCK OPTIONS**

**Securities**

Public offers of securities are subject to prospectus requirements, but exemptions are available under certain circumstances.

**Foreign exchange**

A tax clearance certificate from the Exchange Control Department of the South African Reserve Bank is required for the purchase of shares overseas.

The approval of the Exchange Control Department of the South African Reserve Bank is necessary for employees that exceed their offshore investment allowance limit of ZAR 410 million. This limit is the aggregate of all amounts transferred out of South Africa by the employee at any time. Approval is required, whether or not the employees intend to use a cashless exercise method.

**Tax**

**Employee**

The spread is taxable upon exercise.

The gain on the sale of shares is generally taxed.

**Employer**

**Withholding & reporting**

Withholding and reporting are required.
Deduction

If the subsidiary reimburses the parent company for the cost of offering the options, subject to South African Reserve Bank approval, a tax deduction will be available.

Social insurance

The spread is generally subject to social insurance contributions.

Data protection

Obtaining employee consent for the processing and transfer of personal data is recommended.

Labor

In order to reduce the risk of employee claims, the award agreement signed by an employee should provide, among other things, that vesting of an option ceases upon termination of employment, and that the plan and any awards under it are discretionary.

Communications

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any government filings must be translated.

STOCK PURCHASE RIGHTS

Securities

Public offers of securities are subject to prospectus requirements, but exemptions are available under certain circumstances.

Foreign exchange

A tax clearance certificate from the Exchange Control Department of the South African Reserve Bank is required for the purchase of shares overseas.

The approval of the Exchange Control Department of the South African Reserve Bank is necessary for employees that exceed their offshore investment allowance limit of ZAR 410 million. This limit is the aggregate of all amounts transferred out of South Africa by the employee at any time.

Tax

Employee

The spread is taxable upon purchase.

The gain from the sale of shares generally is taxed.
Employer

**Withholding & reporting**

Withholding and reporting are required.

**Deduction**

If the subsidiary reimburses the parent company for the cost of offering of the purchase rights, subject to South African Reserve Bank approval, a tax deduction will be available.

**Social insurance**

The spread is generally subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is recommended.

**Labor**

In order to reduce the risk of employee claims, the offer document signed by an employee should provide, among other things, that participation in the plan ceases upon termination of employment, and that the plan and any awards under it are discretionary.

**Communications**

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any government filings must be translated.

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SOUTH KOREA

RESTRICTED STOCK AND RSUS

Securities

As long as restricted stock and RSUs are only offered to employees or officers of a Korean affiliate for purposes of promoting their welfare in accordance with an award plan, there are no specific securities restrictions.

Foreign exchange

As long as the resident acquiring foreign shares under the plan works at a Foreign-Invested Enterprise as defined under the Foreign Investment Promotion Law or a Korean subsidiary of an offshore company, the obligation to file a share acquisition report with the Bank of Korea will be exempted.

The repatriation requirement was eliminated as of July 18, 2017. Accordingly, sales of shares purchased under this 2020 employee share purchase plan are no longer be subject to this requirement.

Tax

Employee

Restricted stock is taxed upon the date when it is delivered to the employee’s account as salary income.

RSUs are taxed upon the date of payment.

The capital gain from the sale of the shares is generally taxable (capital gains of KRW2.5 million or less annually are tax exempt).

Employer

Withholding & reporting

Unless the parent company is reimbursed by the subsidiary for the cost of restricted stock and RSU benefits, withholding and reporting generally are not required.

Deduction
If the subsidiary reimburses the parent company for the cost of offering the restricted stock or RSUs, and other conditions are satisfied, including exchange control approval for such reimbursement, a tax deduction is available.

**Social insurance**

Restricted stock and RSUs are generally subject to social insurance contributions upon vesting.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required. The Personal Information Protection Act (PIPA) was amended to require important aspects of the consent form for personal information collection be shown clearly. The amended PIPA, which became effective on October 19, 2017, requires such important aspects:

- To be shown at least 20 percent larger than the rest of the content of the consent form and, in any case, in a font size of at least 9 points, and
- To be clearly readable by using a different color, underline or bold typeface.

The amended PIPA defines the "important aspects" to include:

- The fact that sensitive personal information or unique identification information (i.e., passport number, driver's license number and foreigner registration number) will be processed
- If the personal information will be provided to a third party, the identity of the recipient and the recipient’s purpose of using the personal information, and
- The retention and use period.

**Labor**

Although not common, restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

**Communications**

Although not legally required, it is recommended that the plan documents be translated. Any government filings are required to be translated.
STOCK OPTIONS

Securities

As long as options are only offered to employees or officers of a Korean affiliate for purposes of promoting their welfare in accordance with a stock option plan, there are no specific securities restrictions.

Foreign exchange

As long as the resident acquiring foreign shares or stock options works at a Foreign-Invested Enterprise as defined under the Foreign Investment Promotion Law, or a Korean subsidiary of an offshore company, the obligation to file a share acquisition report with the Bank of Korea will be exempted.

Transfer of funds outside Korea above a certain amount (currently USD5,000 as of May 3, 2019) to purchase shares must be confirmed by a Korean foreign exchange bank prior to such transfer.

Tax

Employee

The spread is taxed at exercise as salary income.

The capital gain upon the sale of the shares generally is taxable. Capital gains of KRW2.5 million or less annually are tax exempt.

Employer

Withholding & reporting

Unless the parent company is reimbursed by the subsidiary for the cost of option benefits, withholding and reporting of income tax are generally not required.

However, withholding and reporting of social insurance contributions are required regardless of reimbursement.

Deduction

If the subsidiary reimburses the parent company for the cost of offering the options, and other conditions are satisfied, including exchange control approval for such reimbursement, a tax deduction is available.

Social insurance

The spread is generally subject to social insurance contributions upon exercise.

Data protection

Obtaining employee consent for the processing and transfer of personal data is required. The Personal Information Protection Act (PIPA) was amended to require the important aspects of consent form for personal information collection be shown clearly. The amended PIPA, which became effective on October 19, 2017, requires such important aspects:
• To be shown at least 20 percent larger than the rest of the content of the consent form and, in any case, in a font size of at least 9 points, and

• To be clearly readable by using a different color, underline or bold typeface.

The amended PIPA defines the "important aspects" to include:

• The fact that sensitive personal information or unique identification information (ie, passport number, driver's license number and foreigner registration number) will be processed

• If the personal information will be provided to a third party, the identity of the recipient and the recipient's purpose of using the personal information, and

• The retention and use period.

**Labor**

Although not common, option benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

• Participation in the option plan is discretionary

• Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules must be considered when awarding options.

**Communications**

Although not legally required, it is recommended that the plan documents be translated. Any government filings are required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

As long as purchase rights are only offered to employees or officers of a Korean affiliate for purposes of promoting their welfare in accordance with an employee stock purchase plan, there are no specific securities restrictions.

**Foreign exchange**

As long as the resident acquiring foreign shares works at a Foreign-Invested Enterprise as defined under the Foreign Investment Promotion Law, or a Korean subsidiary of an offshore company, the obligation to file a share acquisition report with the Bank of Korea will be exempted.
Transfer of funds out of Korea above a certain amount (currently USD5,000 as of May 3, 2019) to purchase shares must be "confirmed" by a Korean foreign exchange bank prior to such transfer.

**Tax**

**Employee**

The spread is taxed at purchase as salary income.

The capital gain from the sale of the shares is generally taxable (capital gains of KRW2.5 million or less annually are tax exempt).

**Employer**

**Withholding & reporting**

Unless the parent company is reimbursed by the subsidiary for the cost of plan benefits, withholding and reporting generally are not required.

**Deduction**

If the subsidiary reimburses the parent company for the cost of offering the purchase rights, and other conditions are satisfied, including exchange control approval for such reimbursement, a tax deduction is available.

**Social insurance**

The spread is generally subject to social insurance contributions upon purchase.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required. The Personal Information Protection Act (PIPA) was amended to require the important aspects of consent form for personal information collection be shown. The amended PIPA, which became effective on October 19, 2017, requires such important aspects:

- To be shown at least 20 percent larger than the rest of the content of the consent form and, in any case, in a font size of at least 9 points, and
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The amended PIPA defines the "important aspects" to include:

- The fact that sensitive personal information or unique identification information (ie, passport number, driver’s license number and foreigner registration number) will be processed
- If the personal information will be provided to a third party, the identity of the recipient and the recipient's purpose of using the personal information, and the retention and use period.
Labor

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding purchase rights.

Communications

Although not legally required, it is recommended that the plan documents be translated. Any government filings are required to be translated.

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Regulation is directly applicable into Spanish law. An award will trigger the need to produce a prospectus unless there is an exemption available under the EU Prospectus Regulation or the award falls outside of the EUPR. If the shares to which the award relates are delivered to the employee free of charge, the award should be exempt from prospectus requirements.

Foreign exchange

- **Form D-6:** Any Spanish resident who acquires shares in a foreign listed company which are deposited in an foreign account must report the acquisition to the Investments Registry of the Spanish Ministry of Economic Affairs and Digital Transformation via Form D-6. This must be accompanied by a copy of the securities account statements and Spanish ID of the employee (if it is the first time that a report is submitted).

The form must be filed by the end of January each year and contain information as of 31 December of the immediately previous year. The D-6 must be submitted each year in order to show any new shares acquired since the last D-6 was filed and shares declared in a previous D-6 which are still owned by the employee.

- **Circular 4/2012 of the Bank of Spain:** This circular requires all Spanish resident individuals or entities to report to the Bank of Spain:
  - own-account transactions with non-resident entities or individuals, for whatever reason and regardless of the way they are settled (through a Spanish or foreign bank account, through netting or physical cash); and
  - the balances and variations in foreign assets and liabilities when the transaction is greater than EUR 1 million during a 12 month period.

This means a report must be filed when an employee or Spanish company purchases shares for more than EUR 1 million. The report must confirm details of the shares acquired and be filed no later than the 20th January of each
year via a standard form on the Bank of Spain’s website.

This reporting requirement is unlikely to be triggered by most employees who participate in an incentive plan given the high value threshold. It could however be triggered if a local employer pays a foreign parent via a recharge agreement for the cost of shares to be provided to its employees and such a payment is greater than EUR 1 million. Local employers will likely be aware of this obligation already as it is not specific to incentive plans and applies to all transactions which they may undertake.

**Tax**

**Employee**

Restricted stock is generally taxed at grant. A EUR12,000-per-year exemption may be applicable if the relevant conditions are met. Dividends received by the employee are taxable.

RSUs are taxed upon vesting. The same EUR12,000-per-year exemption and an additional 30-percent reduction may be applicable if the relevant conditions are met.

The gain from the sale of the shares is taxable.

**Employer**

**Withholding & reporting**

Generally, withholding requirements apply.

**Deduction**

Even if the offering to the employee is made by the parent entity, a deductible expense arises for the Spanish employer entity.

**Social insurance**

Restricted stock and RSUs are subject to social insurance contributions, subject to the general ceiling exemptions.

**Data protection**

The GDPR (Regulation EU 2016/679) entered into force on May 25, 2018, substantially changing the data protection regulatory regime applicable in the EU, including Spain. While employee consent remains an option, depending on the data processing to be carried out, employers may rather rely on other legitimating bases for the processing of employees' personal information (eg, fulfilment of a legal duty, a contractual obligation, or a legitimate interest). Registration of an employee-related database is no longer necessary as of that date. However, other control/data management and security requirements must be fulfilled. The GDPR allows member states to further regulate employment-related privacy issues and, therefore, by the end of 2018, Spain passed a new data protection act (Spanish Fundamental Act 3/2018) to supplement the data protection regime contained therein.

**Labor**
Spanish labor courts have ruled favorably for employee claims for restricted stock and RSU benefits. To reduce – not eliminate – the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs.

Spanish labor courts have added that the benefit derived from the exercised options must be considered salary in cash. Due to the foregoing, the benefit for the employee derived from the exercised options must be included in the salary for the purpose of calculation of severance payments.

**Communications**

**Translation**

Although not legally required, it is recommended that documents regarding employee stock plans be translated. Any government and legal filings are required to be translated.

**Electronic communication**

In some circumstances, it may be acceptable for award agreements to be electronically executed.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Regulation is directly applicable into Spanish law.

The grant of an option will trigger the need to produce a prospectus unless there is an exemption available under the EU Prospectus Regulation.

The most commonly relied upon exemption for an employee share plan is the “employee exemption” under Article 1(4)(i) of the EU Prospectus Regulation. This exemption states that no prospectus is required for an offer to employees, directors, former employees or former directors. To rely on the employee exemption, a document must made available to eligible employees which contains information on the number and nature of the securities and the reasons for and details of the offer.

The company making the offer may also rely on other exemptions from the prospectus requirement, being some of them

(i) offers to fewer than 150 people in a member state; or

(ii) offers where the total amount payable for the shares in all EU member states where it is made in a 12 month period is less than €5 million.

**Foreign exchange**
**Form D-6:** Any Spanish resident who acquires shares in a foreign listed company which are deposited in an foreign account must report the acquisition to the Investments Registry of the Spanish Ministry of Economic Affairs and Digital Transformation via Form D-6. This must be accompanied by a copy of the securities account statements and Spanish ID of the employee (if it is the first time that a report is submitted).

The form must be filed by the end of January each year and contain information as of 31 December of the immediately previous year. The D-6 must be submitted each year in order to show any new shares acquired since the last D-6 was filed and shares declared in a previous D-6 which are still owned by the employee.

**Circular 4/2012 of the Bank of Spain:** This circular requires all Spanish resident individuals or entities to report to the Bank of Spain:

- own-account transactions with non-resident entities or individuals, for whatever reason and regardless of the way they are settled (through a Spanish or foreign bank account, through netting or physical cash); and
- the balances and variations in foreign assets and liabilities when the transaction is greater than EUR 1 million during a 12 month period.

This means a report must be filed when an employee or Spanish company purchases shares for more than EUR 1 million. The report must confirm details of the shares acquired and be filed no later than the 20th January of each year via a standard form on the Bank of Spain’s website.

This reporting requirement is unlikely to be triggered by most employees who participate in an incentive plan given the high value threshold. It could however be triggered if a local employer pays a foreign parent via a recharge agreement for the cost of shares to be provided to its employees and such a payment is greater than EUR 1 million. Local employers will likely be aware of this obligation already as it is not specific to incentive plans and applies to all transactions which they may undertake.

**Tax**

**Employee**

The spread (ie, the difference between exercise price and market value) is taxed at exercise. A EUR12,000-per-year exemption and a 30-percent reduction may be applicable if the relevant conditions are met.

The gain from the sale of the shares is taxable.

**Employer**

**Withholding & reporting**

Generally, withholding requirements apply.

**Deduction**

Even if the offering to the employee is made by the parent entity, a deductible expense arises for the Spanish
employer entity.

**Social insurance**

The spread at exercise is subject to social insurance contributions, subject to the general ceiling exemptions.

**Data protection**

The GDPR (Regulation EU 2016/679) entered into force on May 25, 2018, substantially changing the data protection regulatory regime applicable in the EU, including Spain. While employee consent remains an option, depending on the data processing to be carried out, employers may rather rely on other legitimating bases for the processing of employees' personal information (eg, fulfilment of a legal duty, of a contractual obligation, legitimate interest). Registration of an employee related database is no longer necessary as of that date. However, other control/data management and security requirements will need to be fulfilled. The GDPR allows member states to further regulate employment-related privacy issues and, therefore, by the end of 2018, Spain passed a new data protection act (Spanish Fundamental Act 3/2018) to supplement the data protection regime contained therein.

**Labor**

Spanish labor courts have ruled favorably for employee claims for option benefits. To reduce – not eliminate – the risk of claims, employees should agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules need to be considered when awarding options.

Spanish labor courts have added that the benefit derived from the exercised options must be considered salary in cash. Due to the foregoing, the benefit for the employee derived from the exercised options must be included in the salary for the purpose of calculation of severance payments.

**Communications**

**Translation**

Although not legally required, it is recommended that documents regarding employee option plans be translated. Any government and legal filings are required to be translated.

**Electronic communication**

In some circumstances, it may be acceptable for award agreements to be electronically executed.

**STOCK PURCHASE RIGHTS**

**Securities**
The EU Prospectus Regulation is directly applicable into Spanish law.

An offer to participate in the plan will trigger the need to produce a prospectus unless there is an exemption available under the EU Prospectus Regulation.

The most commonly relied upon exemption for an employee share plan is the “employee exemption” under Article 1(4)(i) of the EU Prospectus Regulation. This exemption states that no prospectus is required for an offer to employees, directors, former employees or former directors. To rely on the employee exemption, a document must made available to eligible employees which contains information on the number and nature of the securities and the reasons for and details of the offer.

The company making the offer may also rely on other exemptions from the prospectus requirement, being some of them

(i) offers to fewer than 150 people in a member state; or

(ii) offers where the total amount payable for the shares in all EU member states where it is made in a 12 month period is less than €5 million.

Foreign exchange

- **Form D-6:** Any Spanish resident who acquires shares in a foreign listed company which are deposited in an foreign account must report the acquisition to the Investments Registry of the Spanish Ministry of Economic Affairs and Digital Transformation via Form D-6. This must be accompanied by a copy of the securities account statements and Spanish ID of the employee (if it is the first time that a report is submitted).

The form must be filed by the end of January each year and contain information as of 31 December of the immediately previous year. The D-6 must be submitted each year in order to show any new shares acquired since the last D-6 was filed and shares declared in a previous D-6 which are still owned by the employee.

- **Circular 4/2012 of the Bank of Spain:** This circular requires all Spanish resident individuals or entities to report to the Bank of Spain:
  - own-account transactions with non-resident entities or individuals, for whatever reason and regardless of the way they are settled (through a Spanish or foreign bank account, through netting or physical cash); and
  - the balances and variations in foreign assets and liabilities when the transaction is greater than EUR 1 million during a 12 month period.

This means a report must be filed when an employee or Spanish company purchases shares for more than EUR 1 million. The report must confirm details of the shares acquired and be filed no later than the 20th January of each year via a standard form on the Bank of Spain’s website.

This reporting requirement is unlikely to be triggered by most employees who participate in an incentive plan given the high value threshold. It could however be triggered if a local employer pays a foreign parent via a recharge agreement for the cost of shares to be provided to its employees and such a payment is greater than...
EUR 1 million. Local employers will likely be aware of this obligation already as it is not specific to incentive plans and applies to all transactions which they may undertake.

**Tax**

**Employee**

The spread (ie, the difference between exercise price and market value) is taxed at exercise. A EUR12,000-per-year exemption and a 30-percent reduction may be applicable if the relevant conditions are met.

The gain from the sale of the shares is taxable.

**Employer**

**Withholding & reporting**

Apart from general withholding requirements on payroll, additional withholding obligations apply over the spread at exercise.

**Deduction**

Even if the offering to the employee is made by the parent entity, a deductible expense arises for the Spanish employer entity.

**Social insurance**

The spread at purchase is subject to social insurance contributions, subject to the general ceiling exemptions.

**Data protection**

The GDPR (Regulation EU 2016/679) entered into force on May 25, 2018, substantially changing the data protection regulatory regime applicable in the EU, including Spain. While employees’ consent theoretically remains an option, depending on the data processing to be carried out, employers may rather rely on other legitimating bases for the processing of employees’ personal information (eg, fulfilment of a legal duty, of a contractual obligation, legitimate interest). Registration of an employee database is no longer be necessary as of that date. However, other control/data management and security requirements must be fulfilled. The GDPR allows member states to further regulate employment-related privacy issues and, therefore, by the end of 2018, Spain passed a new data protection act (Spanish Fundamental Act 3/2018) to supplement the data protection regime contained therein.

**Labor**

Spanish labor courts have ruled favorably for employee claims for stock plan benefits. To reduce – not eliminate – the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.
In addition, anti-discrimination rules need to be considered when awarding purchase rights.

Spanish labor courts have added that the benefit derived from the exercised options must be considered salary in cash. Due to the foregoing, the benefit for the employee derived from the exercised options must be included in the salary for the purpose of calculation of severance payments.

**Communications**

**Translation**

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any government and legal filings are required to be translated.

**Electronic communication**

In some circumstances, it may be acceptable for offer documents and enrollment forms to be executed electronically.

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RESTRICTED STOCK AND RSUS

Securities

The EU Prospectus Directive has been implemented into Swedish law. As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from prospectus requirements.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

Restricted stock is taxed upon grant.

RSUs are taxed upon vesting.

The gain upon the sale of the shares is taxable.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

Reimbursement of the parent company by the subsidiary for the cost of the benefits should enable the subsidiary to deduct such cost from its income taxes.

Social insurance
Restricted stock and RSUs are subject to social insurance contributions.

**Data protection**

The General Data Protection Regulation (EU) 2016/679 (GDPR) and other relevant local data protection laws will apply to the processing of personal data. This includes inter alia an obligation to notify employees (and other potential individuals) about the processing, identify a legal basis for which the processing is relied upon, take appropriate organizational and technical measures, as well as other steps required under the GDPR and other applicable data protection laws.

The appropriate legal basis for processing personal data in relation to restricted stock and RSU benefits agreed upon would normally be performance of a contract (Article 6.1 b) of the GDPR), or, if part of a non-contractual benefit, a legitimate interest (Article 6.1 f) of the GDPR).

**Labor**

Restricted stock and RSU benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs.

**Communications**

The translation of restricted stock and RSU plan documents is not required, unless requested by an employee. Any government filings are required to be translated.

**STOCK OPTIONS**

**Securities**

The EU Prospectus Directive has been implemented into Swedish law. As a general rule, non-transferable options are not considered securities subject to the Prospectus Directive. Even if options are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

**Foreign exchange**

Options are not subject to any specific foreign exchange restrictions.

**Tax**

Employee
The spread is taxed at exercise.

The gain from the sale of the shares is taxable.

**Employer**

**Withholding & reporting**

Withholding and reporting are required.

**Deduction**

Reimbursement of the parent company by the subsidiary for the cost of the benefit (e.g., the spread) should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

The spread is subject to social insurance contributions upon exercise.

**Data protection**

The General Data Protection Regulation (EU) 2016/679 (GDPR) and other relevant local data protection laws will apply to the processing of personal data. This includes inter alia an obligation to notify employees (and other potential individuals) about the processing, identify a legal basis for which the processing is relied upon, take appropriate organizational and technical measures, as well as other steps required under the GDPR and other applicable data protection laws.

The appropriate legal basis for processing personal data in relation to option benefits agreed upon would normally be performance of a contract (Article 6.1 b) of the GDPR), or, if part of a non-contractual benefit, a legitimate interest (Article 6.1 f) of the GDPR).

**Labor**

Option benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding stock options.

**Communications**

The translation of option plan documents is not required, unless requested by an employee. Any government filings are required to be translated.
STOCK PURCHASE RIGHTS

Securities

The EU Prospectus Directive has been implemented into Swedish law. As a general rule, nontransferable purchase rights are not considered securities subject to the Prospectus Directive. Even if purchase rights are considered securities that require a prospectus, they may nonetheless be exempt from the prospectus requirements (eg, the 150-person exemption).

Foreign exchange

Purchase rights are not subject to any specific foreign exchange restrictions.

Tax

Employee

The spread is taxed at exercise.

The gain upon the sale of the shares is taxable.

Employer

Withholding & reporting

Withholding and reporting are required.

Deduction

Reimbursement of the parent company by the subsidiary for the cost of the benefits should enable the subsidiary to deduct such cost from its income taxes.

Social insurance

The spread is subject to social insurance contributions upon purchase.

Data protection

The General Data Protection Regulation (EU) 2016/679 (GDPR) and other relevant local applicable data protection laws will apply to the processing of personal data. This includes inter alia an obligation to notify employees (and other potential individuals) about the processing, identify a legal basis for which the processing is relied upon, take appropriate organizational and technical measures, as well as other steps required under the GDPR and other applicable data protection laws.

The appropriate legal basis for processing personal data in relation to stock purchase rights agreed upon would normally be performance of a contract (Article 6.1 b) of the GDPR), or, if part of a non-contractual benefit, a legitimate interest (Article 6.1 f) of the GDPR).
Labor

Plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

In addition, anti-discrimination rules need to be considered when awarding purchase rights.

Communications

The translation of plan documents is not required, unless requested by an employee. Any government filings are required to be translated.

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RESTRICTED STOCK AND RSUS

Securities

There generally are no specific securities requirements, so long as the restricted stocks and the RSUs are awarded only to employees and the shares issued are not listed on a Swiss exchange or by a Swiss company.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

Restricted stock is likely taxed upon grant.

RSUs are taxed upon vesting.

There is generally no capital gains income tax on the sale of shares, but wealth tax may apply.

Employer

Withholding & reporting

The employer must withhold and report for employees with B permits or for employees who exported their RSUs (ie, have a foreign domicile at the taxable event).

Reporting is required on an annual salary statement for employees with C permits and residents.

Deduction

Reimbursement of the parent company by the subsidiary for the cost of the benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.
Social insurance

Restricted stock and RSUs are subject to social insurance.

Data protection

Obtaining written consent from employees is recommended prior to transferring any personal information to the parent company or a third-party administrator.

Labor

Although not common, restricted stock and RSU benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

Communications

Although it is not legally required, it is recommended that documents regarding employee stock plans be translated. Any filings with the government are required to be translated.

STOCK OPTIONS

Securities

There are generally no specific securities requirements, so long as options are awarded only to employees and the shares issued are not listed on a Swiss exchange or issued by a Swiss company.

Foreign exchange

Options are not subject to any specific foreign exchange restrictions.

Tax

Employee

Options are generally taxed at exercise, pursuant to Swiss federal tax law.

There is generally no capital gain income tax on the sale of shares, but wealth tax may apply.

Employer

Withholding & reporting
The employer must withhold and report for employees with B permits or for employees who exported their stock options (i.e., have a foreign domicile at the taxable event).

Reporting is required on an annual salary statement for employees with C permits and residents.

**Deduction**

Reimbursement of the parent company by the subsidiary for the cost of the option benefits (e.g., the spread), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

The spread is subject to social insurance.

**Data protection**

Obtaining written consent from employees is recommended prior to transferring any personal information to the parent company or a third-party administrator.

**Labor**

Although not common, option benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Although it is not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

There are generally no specific securities requirements, so long as purchase rights are awarded only to employees and the shares issued are not listed on a Swiss exchange or issued by a Swiss company.

**Foreign exchange**

Purchase rights are not subject to any specific foreign exchange restrictions.

**Tax**
Employee

The spread is generally taxed at purchase, pursuant to Swiss federal tax law. The gain from the sale of shares is generally not subject to income tax.

Employer

**Withholding & reporting**

The employer must withhold and report for employees with B permits. Reporting is required on an annual salary statement for employees with C permits and residents.

**Deduction**

Reimbursement of the parent company by the subsidiary for the cost of the benefits (i.e., the discount at the time of purchase), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

The spread is subject to social insurance.

**Data protection**

Obtaining written consent from employees is recommended prior to transferring any personal information to the parent company or a third-party administrator.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Although it is not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filings with the government are required to be translated.
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RESTRICTED STOCK AND RSUS

Securities

Restricted stock and RSUs are not subject to specific securities restrictions.

Foreign exchange

Reporting is required for currency transactions exceeding certain thresholds.

Tax

Employee

Restricted stock is taxed upon grant.

RSUs are taxed upon vesting.

The gain upon the sale of the shares is not taxable but is included in alternative minimum tax (AMT) calculations. If the stock is sold at a lower price, such capital loss can be included in these calculations.

Employer

Withholding & reporting

Reporting is generally required.

Deduction

Reimbursement of the parent company by the subsidiary for the cost of the benefits, pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

Social insurance
Restricted stock and RSUs are generally not subject to social insurance contributions.

**Data protection**

Employees’ consent must be obtained prior to the collection, processing and transfer of personal data.

**Labor**

Although not common, restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

**Communications**

Although not legally required, it is recommended that documents regarding employee stock plans be translated, especially for employees who are not fluent in English. Any filings with the government are required to be translated.

**STOCK OPTIONS**

**Securities**

Options are not subject to specific securities restrictions.

**Foreign exchange**

Reporting is required for currency transactions exceeding certain thresholds.

**Tax**

**Employee**

The spread is taxed upon exercise.

The gain from the sale of the shares is not taxable but is included in alternative minimum tax (AMT) calculations. If the stock is sold at a lower price, such capital loss can be included in these calculations.

**Employer**

**Withholding & reporting**

Reporting is generally required.

**Deduction**
Reimbursement of the parent company by the subsidiary for the cost of the option benefits (eg, the spread), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

**Social insurance**

Options are generally not subject to social insurance contributions.

**Data protection**

Employees' consent must be obtained prior to the collection, processing and transfer of personal data.

**Labor**

Although not common, option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

**Communications**

Although not legally required, it is recommended that documents regarding employee option plans be translated, especially for employees who are not fluent in English. Any filings with the government are required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

Purchase rights are not subject to specific securities restrictions.

**Foreign exchange**

Reporting is required for currency transactions exceeding certain thresholds.

**Tax**

**Employee**

The spread is taxed upon purchase.

The gain upon the sale of the shares is not taxable but is included in alternative minimum tax (AMT) calculations. If the stock is sold at a lower price, such capital loss can be included in these calculations.
Employer

Withholding & reporting

Reporting generally is required.

Deduction

Reimbursement of the parent company by the subsidiary for the cost of the benefits (ie, the discount at the time of purchase), pursuant to a written agreement, should enable the subsidiary to deduct such cost from its income taxes.

Social insurance

The spread is generally not subject to social insurance contributions.

Data protection

Employees’ consent must be obtained prior to the collection, processing and transfer of personal data.

Labor

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and

- Termination of employment will result in the loss of unvested rights.

Communications

Although not legally required, it is recommended that documents regarding employee purchase plans be translated, especially for employees who are not fluent in English. Any filings with the government are required to be translated.
THAILAND

RESTRICTED STOCK AND RSUS

Securities

Non-Thai companies wishing to grant restricted stock/RSUs to employees or directors in Thailand must report certain details of the grant to the Thai SEC.

Foreign exchange

Certain monetary restrictions apply to remittances for the purchase of shares in overseas companies. An authorized bank or dealer is required to remit funds overseas.

Provided that the restricted stock and RSUs do not involve the outbound transfer of funds, generally there are not foreign exchange restrictions.

Tax

Employee

Restricted stock is taxed at grant.

RSUs are taxed at vesting.

The gain from the sale of the shares is taxable if repatriated by a Thai tax resident.

Employer

Withholding & reporting

Unless the subsidiary reimburses the parent company for the cost of the plan benefits, withholding and reporting generally are not required.

Deduction

Tax deduction is likely available, if the Thai subsidiary reimburses the parent company for costs of the award, and
certain other requirements are met.

**Social insurance**

Restricted stock and RSUs are generally not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the collection, processing, disclosure and transfer of personal data is required. The purpose of such collection, processing, disclosure and transfer of personal data must also be acknowledged by the employee upon receiving the consent.

**Labor**

Generally, restricted stock and RSU benefits will neither be considered part of the employment relationship nor be included in the calculation of severance or retirement payments. However, to reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Although not legally required, it is recommended that supporting documents regarding employee stock plans be translated. Any filings of official forms with the government are required to be in Thai.

**STOCK OPTIONS**

**Securities**

Non-Thai companies wishing to grant stock awards to employees or directors in Thailand must report certain details of the grant to the Thai SEC.

**Foreign exchange**

Certain monetary restrictions apply to remittances for the purchase of shares in overseas companies. An authorized bank or dealer is required to remit funds overseas.

Certain repatriation requirements apply.

**Tax**

**Employee**

The spread generally is taxed upon exercise.
The gain from the sale of the shares is taxable if repatriated by a Thai tax resident.

Employer

*Withholding & reporting*

Unless the subsidiary reimburses the parent company for the cost of the option benefits, withholding and reporting are generally not required.

*Deduction*

Tax deduction is likely available if the Thai subsidiary reimburses the parent company for costs of the award, and certain other requirements are met.

*Social insurance*

Options generally are not subject to social insurance contributions.

*Data protection*

Obtaining employee consent for the collection, processing, disclosure and transfer of personal data is required. The purpose of such collection, processing, disclosure and transfer of personal data must also be acknowledged by the employee upon receiving the consent.

*Labor*

Generally, option benefits will neither be considered part of the employment relationship, nor be included in the calculation of severance or retirement payments. However, to reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights

*Communications*

Although not legally required, it is recommended that supporting documents regarding employee option plans be translated. Any filings of official forms with the government are required to be in Thai.

**STOCK PURCHASE RIGHTS**

*Securities*

Non-Thai companies wishing to grant stock awards to employees or directors in Thailand must report certain details of the grant to the Thai SEC.

*Foreign exchange*
Certain monetary restrictions apply to remittances for the purchase of shares in overseas companies. An authorized bank or dealer is required to remit funds overseas.

Certain repatriation requirements apply.

**Tax**

**Employee**

The spread is generally taxed upon purchase.

The gain from the sale of the shares is taxable, if repatriated by a Thai tax resident.

**Employer**

**Withholding & reporting**

Unless the subsidiary reimburses the parent company for the cost of the benefits, withholding and reporting generally are not required.

**Deduction**

Tax deduction is likely available, if the Thai subsidiary reimburses the parent company for costs of the award, and certain other requirements are met.

**Social insurance**

The spread is generally not subject to social insurance contributions.

**Data protection**

Obtaining employee consent for the collection, processing, disclosure and transfer of personal data is required. The purpose of such collection, processing, disclosure and transfer of personal data must also be acknowledged by the employee upon receiving the consent.

**Labor**

Generally, plan benefits will neither be considered part of the employment relationship, nor be included in the calculation of severance or retirement payments. However, to reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Although not legally required, it is recommended that supporting documents regarding purchase plans be
translated. Any filings of official forms with the government are required to in Thai.

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TURKEY

RESTRICTED STOCK AND RSUS

Securities

There are no specific securities requirements, as long as the offer is not a public offer and the underlying shares are not listed on the Turkish Stock Exchange.

Foreign exchange

Restricted stock and RSUs are not subject to any foreign exchange restrictions.

Tax

Employee

Restricted stock is taxed upon grant.

RSUs are taxed upon vesting.

The gain from the sale of shares is taxable.

Employer

Withholding & reporting

Withholding and reporting requirements apply.

Deduction

It is unclear whether the subsidiary can take a deduction for the cost of either type of award, even if it reimburses the parent company.

Social insurance
Restricted stock and RSUs are subject to social insurance contributions.

**Data protection**

Describing to the employee the purposes of processing his/her personal data and obtaining the employee’s consent under certain circumstances, for processing and transfer of personal data is legally required.

**Labor**

There is a risk that the plan benefits may be considered part of the employment relationship, and included in the calculation of severance payments. In order to reduce the risk of employee claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the forfeiture of unvested rights

In addition, anti-discrimination rules need to be considered when awarding restricted stock or RSUs.

**Communications**

Since restricted stock or RSU plans may be considered as a part of the employment contracts, translation of such documents is required.

**STOCK OPTIONS**

**Securities**

There are no specific securities requirements, as long as the offer is not a public offer and the underlying shares are not listed on the Turkish Stock Exchange.

**Foreign exchange**

Turkish residents must purchase foreign shares through banks or intermediaries that are approved under Turkish Capital Markets legislation. Employees must, therefore, remit funds to purchase shares through a bank or an approved intermediary when they exercise their options. These exchange control restrictions generally do not apply if the cashless method of exercise is used.

**Tax**

**Employee**

The spread is generally taxed upon exercise.

The gain from the sale of shares is taxable.

**Employer**
Withholding & reporting

Withholding and reporting requirements apply.

Deduction

It is unclear whether the subsidiary can take a deduction for the cost of option benefits if it reimburses the parent company.

Social insurance

The spread is generally subject to social insurance contributions.

Data protection

Describing to the employee the purposes of processing his/her personal data and obtaining the employee’s consent under certain circumstances, for processing and transfer of personal data is legally required.

Labor

There is a risk that the plan benefits may be considered part of the employment relationship, and included in the calculation of severance payments. In order to reduce the risk of employee claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the forfeiture of unvested rights

In addition, anti-discrimination rules need to be considered when awarding options.

Communications

Since stock option plans may be considered as a part of the employment contracts, translation of such documents into Turkish is required.

STOCK PURCHASE RIGHTS

Securities

There are no specific securities law requirements, as long as the offer is not a public offer and the underlying shares are not listed on the Turkish Stock Exchange.

Foreign exchange

Turkish residents must purchase foreign shares through banks or intermediaries that are approved under the Turkish Capital Markets legislation. Employees must, therefore, remit funds to purchase securities through a bank or an approved intermediary when the employees purchase shares under a plan.
Tax

Employee

The spread is generally subject to tax at purchase.

Employer

Withholding & reporting

Withholding and reporting requirements apply.

Deduction

It is unclear whether the subsidiary can take a deduction for the cost of purchase rights, even if it reimburses the parent company.

Social insurance

The spread is subject to social insurance contributions.

Data protection

Describing to the employee the purposes of processing his/her personal data and obtaining the employee’s consent under certain circumstances, for processing and transfer of personal data is legally required.

Labor

There is a risk that the plan benefits may be considered part of the employment relationship and included in the calculation of severance payments. In order to reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the forfeiture of unvested rights and the repayment of accumulated funds

In addition, anti-discrimination rules need to be considered when awarding purchase rights.

Communications

Since employee stock purchase rights plans may be considered as a part of the employment contracts, translation of such documents into Turkish is required.
**KEY CONTACTS**

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UKRAINE

RESTRICTED STOCK AND RSUS

Securities

Generally, given that awards are provided by a non-Ukrainian issuer, no securities regulations should apply.

Foreign exchange

Granting restricted stock and RSUs to Ukrainian individuals should not lead to any regulatory implications.

Purchase of foreign shares by Ukrainian individuals is subject to limitations which differ depending on the capacity of an individual. An individual (ie, natural person) is allowed to invest abroad in an amount not exceeding EUR100,000 per calendar year. The limit for an individual registered as a private entrepreneur who invests abroad for the purposes of their business activity is set at EUR2 million per calendar year. According to the laws, investment includes, inter alia, purchase of securities, including shares, in foreign companies.

Transferring of funds outside of Ukraine in an amount exceeding UAH400,000 (USD15,000) is subject to financial monitoring by a bank. Within the financial monitoring procedure, banks are obliged to identify the person conducting the transaction and the nature of the transaction by requesting documents or information from the client.

Investment abroad is prohibited where the stockholder or object of investment is registered in:

- Offshore jurisdictions, as per the list approved by the Cabinet of Ministers of Ukraine
- A state that is recognized by the Parliament as the state-aggressor or state-occupant (ie, Russian Federation) and
- Jurisdictions which failed to implement effective anti-money laundering programs according to FATF.

Upon sale of shares, the bank may also request documents confirming the source of income payable to the bank account of the Ukrainian individual.

Tax

Last modified 13 August 2020
**Employee**

Granting of restricted stock and RSUs to Ukrainian individuals should not trigger immediate Ukrainian tax implications for a respective individual as such individual does not immediately obtain ownership to shares.

Ukrainian tax authorities may argue that a Ukrainian individual should reflect taxable income upon the receipt of restricted stock and RSUs as the granting of the restricted stock and RSUs already has an intrinsic fringe benefit.

Conversion of restricted stock and RSUs into shares will be treated as taxable event for a Ukrainian individual if the value of shares granted are below the market value (the risk of such treatment is medium to high if the shares are listed) or are granted for free. Respective amounts will be considered foreign income of such individual and subject to taxation. If shares are purchased at fair-market value, no income arises and hence no tax is due.

Income in the form of dividends from foreign companies will be subject to tax at preferential rates.

Upon sale of shares, gain between the sale price and expenses incurred on purchase of the shares should be taxable.

Reporting and tax payment liabilities rest upon Ukrainian individuals.

**Employer**

*Withholding & reporting*

No tax withholding and reporting requirements apply given the issuing company is a nonresident entity. Potentially, a Ukrainian subsidiary of the issuing company may bear withholding and reporting liabilities as a tax agent of a Ukrainian individual due to certain ambiguity in the legislation.

*Deduction*

Given that Ukrainian legislation contains no concept of stock-related incentives, a non-Ukrainian issuer rather than a local entity will provide awards to employees. Hence, all costs will be borne by the non-Ukrainian issuer and no question of deduction will arise.

*Social insurance*

Restricted stock and RSUs are not subject to social insurance obligations, nor are dividends and proceeds from the sale of shares.

*Data protection*

Employee consent is generally required for the processing and transfer of personal data. In addition, it is necessary to provide an employee with a notification on personal data procession containing information on the data controller, the nature and scope of collected personal data, the purpose for which the data is collected, third parties (e.g., processor) to which personal data will be transferred and the scope of data subject’s rights as provided under the Ukrainian data protection legislation.

*Labor*
Given that Ukrainian legislation contains no concept of stock-related incentives, restricted stock and RSU benefits may not be considered part of the employment relationship.

**Communications**

**Translation**

Although not required, it is recommended that documents regarding restricted stock and RSUs be translated into Ukrainian or drafted as bilingual documents. Any filings with the government and banks are required to be translated into Ukrainian or drafted as bilingual documents.

**Electronic communication**

It is valid for an employee to execute the award agreement electronically, subject to certain conditions.

**STOCK OPTIONS**

**Securities**

Generally, given that awards are provided by a non-Ukrainian issuer, no securities regulations apply.

**Foreign exchange**

The granting of stock options to Ukrainian individuals should not lead to any regulatory implications.

Purchase of foreign shares by Ukrainian individuals is subject to limitations which differ depending on the capacity of an individual. An individual (ie, natural person) is allowed to invest abroad in an amount not exceeding EUR100,000 per calendar year. The limit for an individual registered as private entrepreneur who invests abroad for the purposes of their business activity is set at EUR2 million per calendar year. According to the laws, investment includes, inter alia, purchase of securities, including shares, in foreign companies.

Transferring of funds outside of Ukraine in an amount exceeding UAH400,000 (USD15,000) is subject to financial monitoring by a bank. Within the financial monitoring procedure, banks are obliged to identify the person conducting the transaction and the nature of the transaction by requesting documents or information from the client.

Investment abroad is prohibited where the stockholder or object of investment is registered in:

- Offshore jurisdictions, as per the list approved by the Cabinet of Ministers of Ukraine
- A state that is recognized by the Parliament as the state-aggressor or state-occupant (ie, Russian Federation) and
- Jurisdictions which failed to implement effective anti-money laundering programs according to FATF.

Upon the sale of shares, the bank may also request documents confirming the source of income payable to the bank account of the Ukrainian individual.
Tax

Employee

The granting of stock options to Ukrainian individuals should not trigger immediate Ukrainian tax implications for a respective individual as such individual does not immediately obtain ownership to shares.

Ukrainian tax authorities may argue that a Ukrainian individual should reflect some taxable income upon the receipt of stock options as the granting of stock options already has an intrinsic fringe benefit.

Conversion of stock options into shares will be treated as a taxable event for a Ukrainian individual if the value of shares granted are below the market value (the risk of such treatment is medium to high if the shares are listed) or are granted for free. Respective amounts will be considered as foreign income of such individual and subject to taxation. If shares are purchased at fair-market value, no income arises and hence no tax is due.

Income in the form of dividends from foreign companies will be subject to tax at preferential rates.

Upon sale of shares, gain between the sale price and expenses incurred on purchase of the shares is taxable.

Reporting and tax payment liabilities rest upon Ukrainian individuals.

Employer

Withholding & reporting

No tax withholding and reporting requirements apply given the issuing company is a nonresident entity. Potentially, a Ukrainian subsidiary of the issuing company may bear withholding and reporting liabilities as a tax agent of a Ukrainian individual due to certain ambiguity in the legislation.

Deduction

Given that Ukrainian legislation contains no concept of stock-related incentives, a non-Ukrainian issuer rather than the local entity will provide awards to employees. Hence, all costs will be borne by the non-Ukrainian issuer and no question of deduction will arise.

Social insurance

Stock options are not subject to social insurance obligations, nor are dividends and proceeds from the sale of shares.

Data protection

Employee consent is generally required for the processing and transfer of personal data. In addition, it is necessary to provide an employee with a notification on personal data procession containing information on the data controller, the nature and scope of collected personal data, the purpose for which the data is collected, third parties (eg, processor) to which personal data will be transferred and the scope of the data subject’s rights as provided under the Ukrainian data protection legislation.
Labor

Given that Ukrainian legislation contains no concept of stock-related incentives, stock options benefits may not be considered part of the employment relationship.

Communications

Translation

Although not required, it is recommended that documents regarding stock options be translated into Ukrainian or drafted as bilingual documents. Any filings with the government and banks are required to be translated into Ukrainian or drafted as bilingual documents.

Electronic communication

It should be valid for an employee to execute the award agreement electronically subject to certain conditions.

STOCK PURCHASE RIGHTS

Securities

Generally, given that awards are provided by a non-Ukrainian issuer, no securities regulations apply.

Foreign exchange

The granting of stock purchase rights to Ukrainian individuals should not lead to any regulatory implications.

Purchase of foreign shares by Ukrainian individuals is subject to limitations which differ depending on the capacity of an individual. An individual (ie, natural person) is allowed to invest abroad in an amount not exceeding EUR100,000 per calendar year. The limit for an individual registered as a private entrepreneur who invests abroad for the purposes of their business activity is set at EUR2 million per calendar year. According to the laws, investment includes, inter alia, purchase of securities, including shares, in foreign companies.

Transferring of funds outside of Ukraine in an amount exceeding UAH400,000 (USD15,000) is subject to financial monitoring by a bank. Within the financial monitoring procedure, banks are obliged to identify the person conducting the transaction and the nature of the transaction by requesting documents or information from the client.

Investment abroad is prohibited where the stockholder or object of investment is registered in:

- Offshore jurisdictions, as per the list approved by the Cabinet of Ministers of Ukraine
- A state that is recognized by the Parliament as the state-aggressor or state-occupant (ie, Russian Federation) and
- Jurisdictions which failed to implement effective anti-money laundering programs according to FATF.
Upon sale of shares, the bank may also request documents confirming the source of income payable to the bank account of the Ukrainian individual.

**Tax**

**Employee**

The granting of stock purchase rights to Ukrainian individuals should not trigger immediate Ukrainian tax implications for a respective individual since such individual does not immediately obtain ownership to shares.

Ukrainian tax authorities may argue that a Ukrainian individual should reflect taxable income upon the receipt of stock purchase rights as the granting of stock purchase rights already has an intrinsic fringe benefit.

Conversion of stock purchase rights into shares will be treated as a taxable event for a Ukrainian individual if the value of shares granted are below the market value (the risk of such treatment is medium to high if the shares are listed) or are granted for free. Respective amounts will be considered foreign income of such individual and will be subject to taxation. If shares are purchased at fair-market value, no income arises and hence no tax is due.

Income in the form of dividends from foreign companies will be subject to tax at preferential rates.

Upon the sale of shares, gain between the sale price and expenses incurred on purchase of the shares is taxable.

Reporting and tax payment liabilities rest upon Ukrainian individuals.

**Employer**

**Withholding & reporting**

No tax withholding and reporting requirements apply given the issuing company is a nonresident entity. Potentially, a Ukrainian subsidiary of the issuing company may be claimed to bear withholding and reporting liabilities as a tax agent of a Ukrainian individual due to certain ambiguity in the legislation.

**Deduction**

Given that Ukrainian legislation contains no concept of stock-related incentives, a non-Ukrainian issuer rather than a local entity will provide awards to employees. Hence, all costs will be borne by the non-Ukrainian issuer and no question of deduction will arise.

**Social insurance**

Stock purchase rights are not subject to social insurance obligations, nor are dividends and proceeds from the sale of shares.

**Data protection**

Employee consent is generally required for the processing and transfer of personal data. In addition, it is necessary to provide an employee with a notification on personal data procession containing information on the data...
controller, the nature and scope of collected personal data, the purpose for which the data is collected, third parties (e.g., processor) to which personal data will be transferred and the scope of the data subject’s rights as provided under the Ukrainian data protection legislation.

_Labor_

Given that Ukrainian legislation contains no concept of stock-related incentives, stock purchase rights’ benefits may not be considered part of the employment relationship.

_Communications_

_Translation_

Although not required, it is recommended that documents regarding stock purchase rights be translated into Ukrainian or drafted as bilingual documents. Any filings with the government and banks are required to be translated into Ukrainian or drafted as bilingual documents.

_Electronic communication_

It is valid for an employee to execute the award agreement electronically subject to certain conditions.
UNITED KINGDOM

RESTRICTED STOCK AND RSUS

Securities

As long as no consideration is paid by the employee for restricted stock or RSUs, the award should be exempt from prospectus requirements.

Foreign exchange

Restricted stock and RSUs are not subject to any specific foreign exchange restrictions.

Tax

Employee

Restricted stock is taxed upon vesting, provided the vesting period is 5 years or shorter, subject to an election to be taxed at acquisition.

Restricted stock is taxed upon grant if it will not vest within 5 years.

RSUs are generally taxed on delivery of shares upon vesting.

The gain from the sale of the shares is taxable, subject to an annual exempt amount.

Employer

Withholding & reporting

Withholding is required if shares are "readily convertible assets."

Registration and annual reporting are required.

Deduction

A local tax deduction may generally be allowed.
Social insurance

Restricted stock and RSUs are subject to National Insurance Contributions (NICs) if shares are "readily convertible assets."

In the case of RSUs, through an approved Joint Election or other contractual arrangement, the employer’s NICs obligation may be transferred from the employer to the employee.

Data protection

Companies must consider on what basis and to what extent they are legally permitted to process and transfer participant data and should provide a notice to UK-based participants accordingly.

Labor

Restricted stock and RSU benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding restricted stock or RSUs and drawing Not Expanded by / Condensed by up plan rules.

Communications

Translation

Employee communications are not subject to any specific legal requirements.

Electronic communication

In some circumstances, it may be acceptable for award agreements to be electronically executed.

STOCK OPTIONS

Securities

As a general rule, the grant of non-transferable options to employees does not require a prospectus.

Foreign exchange

Options are not subject to any specific foreign exchange restrictions.
**Tax**

**Employee**

The spread is generally taxed at exercise.

The gain from the sale of the shares is taxable, subject to an annual exempt amount.

**Employer**

**Withholding & reporting**

Withholding is required for options if shares are "readily convertible assets."

Registration and annual reporting are required.

**Deduction**

A local tax deduction may generally be allowed.

**Tax-favored**

Tax-favored programs are available for options.

**Social insurance**

National Insurance Contributions (NICs) are due on the spread at exercise if shares are "readily convertible assets."

Through an approved Joint Election or other contractual arrangement, the employer’s NICs obligation may be transferred from the employer to the employee.

**Data protection**

Companies must consider on what basis and to what extent they are legally permitted to process and transfer participant data and should provide a notice to UK-based participants accordingly.

**Labor**

Option benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should agree in writing that:

- Participation in the option plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding options and drawing up plan rules.
**Communications**

**Translation**

Employee communications are not subject to any specific legal requirements.

**Electronic communication**

In some circumstances, it may be acceptable for award agreements to be electronically executed.

**STOCK PURCHASE RIGHTS**

**Securities**

In some cases, a prospectus may be required.

**Foreign exchange**

Purchase rights are not subject to any specific foreign exchange restrictions.

**Tax**

**Employee**

Any discount to market value at purchase is generally taxed at purchase.
The gain upon the sale of the shares is taxable, subject to an annual exempt amount.

**Employer**

**Withholding & reporting**

Withholding is required in respect of any discount to market value at purchase if shares are "readily convertible assets."

Registration and annual reporting are required.

**Deduction**

A local tax deduction may generally be allowed to the extent of any discount in the purchase price.

**Tax-favored**

Tax-favored programs are available for certain purchase rights in limited circumstances.

**Social insurance**

National Insurance Contributions (NICs) are due on the discount at purchase if shares are "readily convertible assets."
Through an approved Joint Election or other contractual arrangement, the employer’s NICs obligation may in some circumstances be transferred from the employer to the employee.

Data protection

Companies must consider on what basis and to what extent they are legally permitted to process and transfer participant data and should provide a notice to UK-based participants accordingly.

Labor

Plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary and
- Termination of employment will result in the loss of unvested rights.

In addition, anti-discrimination rules must be considered when awarding purchase rights and drawing up plan rules.

Communications

Translation

Employee communications are not subject to any specific legal requirements.

Electronic communication

In some circumstances, it may be acceptable for offer documents and enrollment forms to be electronically executed.
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VENEZUELA

REstricted stock and RSUs

Securities

As long as the award of restricted stock and RSUs is not deemed to be a public offer, securities requirements generally do not apply. Awards addressed to individual employees should not be deemed public offers.

Foreign exchange

Restricted stock and RSUs are not subject to foreign exchange restrictions.

Tax

Employee

Restricted stock is taxed upon grant.

RSUs are taxed upon vesting.

The gain from the sale of the shares is taxable.

Employer

Withholding & reporting

Withholding and reporting requirements do not apply.

Deduction

The ability to purchase foreign currency, though substantially improved, imposes certain challenges for the reimbursement of the parent company.

Social insurance
Restricted stock and RSUs are not subject to social insurance.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required.

**Labor**

Although not common, restricted stock benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Communications to the employee shall be addressed directly to the particular employee and not to the general workers population. Although not legally required, it is recommended that documents regarding employee stock plans be translated. Any filings with the government are required to be translated.

**STOCK OPTIONS**

**Securities**

As long as the purchase rights are not deemed to be a public offer, securities law requirements generally do not apply. Awards addressed to individual employees should not be deemed public offers.

**Foreign exchange**

Foreign exchange restrictions may limit the employees' ability to purchase and hold shares.

**Tax**

**Employee**

Generally, the spread is taxed upon exercise.

The gain from the sale of the shares is taxable.

**Employer**

**Withholding & reporting**

Withholding and reporting requirements do not apply.

**Deduction**
A local tax deduction is generally allowed by the Venezuelan entity that assumes the cost of the plan.

**Social insurance**

The spread is not subject to social insurance.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

Payroll deductions may be problematic.

**Communications**

Communications to the employee shall be addressed directly to the particular employee and not to the general workers population. Although not legally required, it is recommended that documents regarding employee plans be translated. Any filings with the government are required to be translated.

**STOCK PURCHASE RIGHTS**

**Securities**

As long as the award options are not deemed to be a public offer, securities requirements generally do not apply. Awards addressed to individual employees should not be deemed public offers.

**Foreign exchange**

Foreign exchange restrictions may limit the employees' ability to exercise and hold shares.

**Tax**

**Employee**

Generally, the spread is taxed upon exercise.

The gain from the sale of the shares is taxable.
Employer

**Withholding & reporting**

Withholding and reporting requirements do not apply.

**Deduction**

Because of foreign exchange restrictions, reimbursement of the parent company and a related tax deduction are not likely to be available.

**Social insurance**

The spread is not subject to social insurance.

**Data protection**

Obtaining employee consent for the processing and transfer of personal data is required.

**Labor**

Although not common, option benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of claims, employees should expressly agree in writing that:

- Participation in the option plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Communications to the employee shall be addressed directly to the particular employee and not to the general workers population. Although not legally required, it is recommended that documents regarding employee option plans be translated. Any filings with the government are required to be translated.

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**KEY CONTACTS**

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VIETNAM

RESTRICTED STOCK AND RSUS

Securities

Vietnamese employees participating for stock of a foreign issuer are considered to be making indirect offshore investment. Prior to granting restricted stock and RSUs under the stock award plan to Vietnamese employees, foreign issuer (through its Vietnam entity, representative office or branch in Vietnam, collectively called the "Implementing Entity") must register such a plan with the State Bank of Vietnam (SBV). Such stock award plan can be implemented with respect to Vietnamese employees under the forms of

- bonus stocks and
- right to purchase stocks with "preferential conditions"

There is no definition of "preferential conditions;" however, the typical objective of such stock award plan is to serve as additional benefits for Vietnamese employees in order to retain and incentivize them to continue contributing to the implementing entity’s operations in Vietnam. Restricted stock and RSUs generally are considered bonus stocks.

Within 15 days from the receipt of valid registration documents, the SBV will issue an approval or objection letter (in which the reason for such objection is detailed). In practice, plans for bonus stocks are easier to register than plans for right to purchase stocks with "preferential conditions." The former takes about 2-3 months, while the latter takes about 3-5 months because the SBV carefully reviews the stock award plan before issuing its approval.

Foreign exchange

After the SBV’s approval on the registration of the stock award plan, the Implementing Entity must open an account at the commercial bank in Vietnam recorded in the SBV’s approval in order to implement the registered stock award plan (eg, purchase or sale of stock and receipt of dividends by relevant employees under such a plan). Note that the implementing entity can choose the commercial bank and indicate such bank in the registration application.

Tax
Employee

Restricted stock is likely taxed upon grant.

RSUs are likely taxed upon vesting.

Tax is generally imposed on gains upon sale of shares.

Employer

Withholding & reporting

Implementing entities (as employers) are generally required to withhold and report.

Deduction

Because of the foreign exchange restriction, reimbursement made to the parent company are not likely to be available.

Social insurance

Restricted stock and RSUs generally are not subject to social insurance contributions.

Data protection

The implementing entity must obtain consent from relevant employees prior to the processing and transfer of their personal data.

Labor

Although not common, plan benefits may be considered part of the employment relationship and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

Communications

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filings with the SBV and other competent authorities are required to be made in Vietnamese.

STOCK OPTIONS

Securities

Vietnamese employees participating for stock of a foreign issuer are considered to be making indirect offshore
investment. Prior to granting restricted stock and RSUs under the stock award plan to Vietnamese employees, foreign issuer (through the implementing entity) must register such a plan with the SBV. Such stock award plan can be implemented with respect to Vietnamese employees under the forms of

- bonus stocks and
- right to purchase stocks with "preferential conditions"

There is no definition of "preferential conditions;” however, the typical objective of such stock award plan is to serve as additional benefits for Vietnamese employees in order to retain and incentivize them to continue contributing to the implementing entity’s operations in Vietnam. In practice, when Vietnamese employees are required to pay to foreign issuers in exchange for stock purchase rights, the SBV presumes that the price paid by such employees to foreign issuers should be lower than market price.

Within 15 days from the receipt of valid registration documents, the SBV will issue an approval or objection letter (in which the reason for such objection is detailed). In practice, plans for bonus stocks are easier to register than plans for right to purchase stocks with "preferential conditions.” The former takes about 2-3 months, while the latter takes about 3-5 months because the SBV carefully reviews the stock award plan before issuing its approval.

**Foreign exchange**

After the SBV’s approval on the registration of the stock award plan, the Implementing Entity must open an account at the commercial bank in Vietnam recorded in the SBV’s approval in order to implement the registered stock award plan (eg, sale of stock and receipt of dividends by relevant employees under such plan). Note that the Implementing Entity can choose the commercial bank and indicate such bank in the registration application.

**Tax**

**Employee**

The spread is generally taxed at exercise.

Tax is generally imposed on gains upon sale of shares.

**Employer**

**Withholding & reporting**

Implementing entities (as employers) generally are required to withhold and report income tax at purchase.

**Deduction**

Because of foreign exchange restrictions, reimbursements made to the parent company are not likely to be available.

**Social insurance**

The spread generally is not subject to social insurance contributions.
Data protection

The implementing entity must obtain consent from relevant employees prior to the processing and transfer of their personal data.

Labor

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

Communications

Although not legally required, it is recommended that documents regarding stock option plans be translated. Any filings with the SBV and other competent authorities are required to be made in Vietnamese.

STOCK PURCHASE RIGHTS

Securities

Vietnamese employees participating in a stock award plan of a foreign issuer are considered to be making an indirect offshore investment. Prior to granting an employee stock purchase right under the stock award plan, the foreign issuer of the stock award plan (through the implementing entity) must register such a plan with the State Bank of Vietnam (SBV). Such stock award plan can be implemented with respect to Vietnamese employees under the forms of

- bonus stocks and
- right to purchase stocks with "preferential conditions"

There is no definition of "preferential conditions;" however, the typical objective of such stock award plan is to serve as additional benefits for Vietnamese employees in order to retain and incentivize them to continue contributing to the implementing entity’s operations in Vietnam. In practice, when Vietnamese employees are required to pay to foreign issuers in exchange for stock purchase rights, the SBV presumes that the price paid by such employees to foreign issuers should be lower than market price.

Within 15 days from the receipt of valid registration documents, the SBV will issue an approval or objection letter (in which the reason for such objection is detailed). In practice, plans for bonus stocks are easier to register than plans for right to purchase stocks with "preferential conditions." The former takes about 2-3 months, while the latter takes about 3-5 months because the SBV carefully reviews the stock award plan before issuing its approval. Note that the implementing entity can choose the commercial bank and indicate such bank in the registration application.
**Foreign exchange**

After the SBV’s approval on the registration of the stock award plan, the implementing entity must open an account at the commercial bank in Vietnam recorded in the SBV’s approval, in order to implement the registered stock award plan (eg. sale and purchase of sales by relevant employees under such plan).

**Tax**

**Employee**

The spread is generally taxed at purchase.

Tax is generally imposed on gains upon sale of shares.

**Employer**

**Withholding & reporting**

Implementing entities (as employers) are generally required to withhold and report income tax at purchase.

**Deduction**

Because of foreign exchange restrictions, reimbursement of the parent company and a related tax deduction are not likely to be available.

**Social insurance**

The spread is generally not subject to social insurance contributions.

**Data protection**

The implementing entity must obtain consent from relevant employees prior to the processing and transfer of their personal data.

**Labor**

Although not common, plan benefits may be considered part of the employment relationship, and may be included in the calculation of severance or retirement payments. To reduce the risk of entitlement claims, employees should expressly agree in writing that:

- Participation in the plan is discretionary
- Termination of employment will result in the loss of unvested rights

**Communications**

Although not legally required, it is recommended that documents regarding employee purchase plans be translated. Any filings with the SBV and other competent authorities are required to be made in Vietnamese.
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