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Selected International Tax & Legal Consequences

Abstract

A summary of foreign laws applicable to stock plans for 35 countries.

Keywords

stock options, purchase rights, restricted stock, international, tax law

Comments**Required Publisher Statement**

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Selected International Tax & Legal Consequences

Employee Stock Options

Employee Stock Purchase Rights

Employee Restricted Stock and Restricted Stock Units

September 2007

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Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Argentina ¹	<p>SOP/ESPP: Tax on spread at exercise/purchase.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: No tax at sale unless employee is a sole proprietor or trades in equity on a habitual basis.</p> <p>Other Tax: A bank tax may apply to transfer of funds made in connection with employee stock plans. A personal assets tax applies, which would include shares purchased or held.</p>	<p>SOP/ESPP/RS/RSU: Allowed if sub reimburses parent under a written reimbursement agreement, but withholding tax applies to payment and reimbursement may cause labor law issues.</p>	<p>SOP/ESPP/RS/RSU: Yes.</p>	<p>SOP/ESPP/RS/RSU: Yes, employee and employer social insurance contributions are required. Employee social insurance contributions are subject to a monthly income ceiling. Effective October 1, 2005, income ceilings on the employer's social insurance contributions have been abolished.</p> <p>Employer has to withhold employee's contributions.</p>	<p>SOP/ESPP/RS/RSU: No, if private placement procedures are followed.</p>	<p>SOP/ESPP: Foreign currency may be obtained for investment abroad without prior approval up to US\$2,000,000 per month. If cash is transferred below the US\$2,000,000 limit, an affidavit must be submitted to the Central Bank declaring the total amount of foreign currency purchased during the month. If proceeds from the sale of external assets (including shares of a U.S. company) in excess of US\$2,000,000 per month are transferred back to Argentina, 30% of such excess proceeds must be deposited in a non-interest bearing account for 365 days.</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally not, provided grant is infrequent or irregular. ESPP: Probably yes. Plan documents should be in Spanish.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended.</p>

¹ Payroll deductions are technically not permitted in connection with a foreign company's stock purchase plan.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Australia	<p>SOP: If the option is a qualifying right, the employee may elect to be taxed on the market value of the option (calculated by reference to the share price) on the date of grant. Otherwise, qualifying rights are generally taxed on spread at exercise/purchase. Value of the shares may be based on weighted average price over the week prior to the event.</p> <p>Non-qualifying rights/shares are taxed at grant.</p> <p>ESPP: Generally, tax on the difference between the purchase price and the weighted average share price over the week prior to purchase.</p> <p>RS/RSU: If the RS or RSU is a qualifying share/right, the employee may elect to be taxed on the market value of the share/right (calculated by reference to the share price) on the date of grant. Otherwise,</p>	<p>SOP/ESPP/RS/RSU: Allowed if the sub reimburses the parent under a written reimbursement agreement.</p>	<p>SOP/ESPP/RS/RSU: No. Employees must report on annual tax return.</p>	<p>SOP/ESPP/RS/RSU: Yes, (employee only) for Medicare.</p> <p>Payroll tax (employer only) applies to SOP/ESPP/RS/RSU benefits in New South Wales, Western Australia, the Northern Territory, Tasmania, the Australian Capital Territory and Queensland.</p> <p>Generally, tax is at grant, although in New South Wales, employer may elect to be taxed at vesting/purchase.</p>	<p>SOP/ESPP/RS/RSU: Prospectus generally required unless exempted under a Class Order, statutory exemption or special ruling. For ESPP, accumulated payroll deductions generally must be held in a separate bank account, but it does not need to be interest bearing.</p>	<p>SOP/ESPP/RS/RSU: Reporting required for cash transactions in excess of A\$10,000 and international fund transfers of any amount. Usually handled by the bank.</p>	<p>SOP/ESPP/RS/RSU: Generally not, if right to terminate is reserved in writing.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended. The data transferred should be used only for the purpose for which it was disclosed. An employee's tax file number should not be used for identification of the employee.</p> <p>The National Privacy Principles should be adhered to unless an exemption for employee records, small business or approved company privacy code applies.</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>qualifying rights/shares are generally taxed at vesting.</p> <p>Non-qualifying rights/shares are taxed at grant.</p> <p>Sale:</p> <p>Tax on sale. If shares are held for at least 12 months, 50% of capital gain excluded from tax.</p>							
Austria ²	<p>SOP/ESPP:</p> <p>Generally, tax on spread at exercise/purchase.³</p> <p>RS/RSU:</p> <p>Generally, tax at grant for RS; tax at vesting for RSU.⁴ Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale:</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Allowed if sub reimburses parent under a written reimbursement agreement.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Yes.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Yes, for both the employee and the employer unless ceiling met. Employer has to withhold employee's contributions.</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU:</p> <p>EU Prospectus Directive has been implemented.</p> <p>In Austria, stock options and RSUs are not considered "transferable securities" subject to the Directive.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Minor reporting requirements may apply.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Generally not, if notice is provided on each grant that plan is discretionary, voluntary and subject to termination at any time. Consumer protection notice should be given to employees. Discrimination against part-time employees is prohibited. Works Council (if any) should be advised before implementation of the plan.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Registration is required prior to collection, use or transfer of any employee data. Transfers outside the EU may be subject to an additional approval requirement.</p>

² To avoid violation of banking laws, payroll deductions in an ESPP should be held in a separate interest-bearing trust or escrow account.

³ Favorable tax regimes may apply provided certain requirements are satisfied. Two of the favorable tax regimes permit a partial exemption and/or deferral of the tax on the spread; a third regime would reduce the tax rate applicable to the taxable amount.

⁴ The third favorable tax regime, as mentioned in footnote 3 above, also may be available for RS and RSU.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	No tax on sale if shares are held for 12 months or more.							
Belgium	<p>SOP/ESPP: Tax at grant for options affirmatively accepted within 60 days. Tax on discount at purchase for ESPP. For options, employee has 60 days to accept offer. For tax purposes, options affirmatively accepted after 60 days after grant will not incur tax at grant. If company permits options to be accepted after 60 days, such option may be taxed like ESPP (<i>i.e.</i>, on spread at exercise).</p> <p>RS/RSU: Tax at grant for RS (though argument can be made for vesting as taxable event); tax at vesting for RSU. Taxable amount is fair market value of the shares</p>	SOP/ESPP/RS/RSU: Allowed if sub reimburses parent; however, may trigger tax withholding and social insurance issues. A risk exists that reimbursement would be considered a capital loss on shares, which is not deductible.	SOP/ESPP/RS/RSU: Withholding may be avoided if sub not involved in delivery of options/shares/RS/RSU or in plan administration and no reimbursement occurs. Reporting required if accepted within 60 days regardless of reimbursement or sub involvement. Reporting required for other awards only if a withholding obligation. Withholding required if Belgian employer is branch office.	<p>SOP: For options, social insurance contributions are not due unless (1) the option is “in the money” at the time of the offer;⁵ or (2) the option provides a certain or stated benefit to the optionee; or (3) the local subsidiary reimburses; or (4) the local entity is a branch office; or (5) the local subsidiary is involved with the delivery of shares/options or with the plan administration.</p> <p>ESPP/RS/RSU: Social insurance contributions may be avoided if sub not involved in delivery of RS/RSU or shares, no reimbursement occurs, and local entity is not a branch</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: EU Prospectus Directive has been implemented. The Belgian securities authorities have indicated that stock options and RSUs are not subject to the Directive.</p> <p>For ESPP, accumulated payroll deductions generally must be held by a financial institution in an account in the name of the participants with the funds attributable to each employee.</p>	SOP/ESPP/RS/RSU: None.	SOP/ESPP/RS/RSU: Generally no, if employees sign certain disclaimer language. Discrimination against union or part-time employees is prohibited. Discrimination based on age is prohibited unless objectively and reasonably justified by a legitimate aim.	SOP/ESPP/RS/RSU: Written notification to the employee of transfer of data abroad, registration of database and notification of data transfer to Privacy Commission are required. An agreement between the parent and the sub and the parent and its agents to keep information confidential is recommended.

⁵ Note that under Belgium law; “offer” is deemed to occur once the employee is informed of the essential terms of the grant. The offer date may differ from the U.S. grant date.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	on the tax event. Sale: No tax on sale.			office.				
Brazil⁶	SOP/ESPP: No tax on spread at exercise/purchase. RS/RSU: Tax at vesting. Taxable amount is fair market value of the shares at vesting. Sale: Tax on sale, subject to a significant monthly exclusion.	SOP/ESPP/RS/RSU: Generally allowed if sub reimburses parent under a written reimbursement agreement and plan is offered to all Brazilian employees without distinction. Taking a deduction would raise risk of employee taxation. Amounts reimbursed relating to administrators, directors or members of the Board are not deductible. However, reimbursement requires prior exchange control approval, which is unlikely to be given.	SOP/ESPP/RS/RSU: No.	SOP/ESPP/RS/RSU: Generally no, unless benefits are granted on regular basis or vesting is related to performance.	SOP/ESPP/RS/RSU: None.	SOP/ESPP/RS/RSU: Onerous exchange control restrictions eliminated 3/9/2005, but reimbursement is problematic. "Cash netting" to remit payroll deductions under ESPP also remains problematic. RS/RSU: Reporting of shares or other assets held abroad may be required.	SOP/ESPP/RS/RSU: Significant likelihood for ESPP and frequently granted options/RS/RSU. Equity awards with performance vesting or conditions are particularly problematic from a severance and employment law standpoint. Employees should sign specific labor, disclaimer and compliance language. Plan documents should be translated into Portuguese.	SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended.
Canada	SOP: Tax due on spread at exercise. Two special regimes exist. One provides for a deduction of ½ of the	SOP/ESPP/RS/RSU: Not available.	SOP/ESPP/RS/RSU: Generally, yes. If an election to defer is made for options by filing the election form with the employer at the	SOP/ESPP/RS/RSU: Yes, but employees may have exceeded wage base. Provincial payroll taxes levied on	SOP/ESPP/RS/RSU: Provincial laws apply. In all provinces most plans will be exempt from requesting relief. Discretionary relief may	SOP/ESPP/RS/RSU: None.	SOP/ESPP/RS/RSU: Not if right to terminate is reserved in writing. Employees should sign language that right to vest or	SOP/ESPP/RS/RSU: Federal law requires written consent from employees for collection, use or disclosure of data

⁶ An ESPP is difficult to implement because payroll deductions are problematic, and it is very difficult to comply with the exchange control rules. Employee tax consequences and withholding will likely change if reimbursement/local deduction were approved by the Central Bank and implemented.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>spread at exercise. To benefit from this deduction, shares underlying the options must be “prescribed shares” traded on a recognized exchange. Another regime allows for deferral of income on the first C\$100,000 worth of options that vest in a given year until sale of shares, death of employee or employee becoming non-resident.</p> <p>ESPP: Tax is generally due on spread at purchase; no deduction or deferral available.</p> <p>RS/RSU: Tax at grant for RS. Generally, tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event; no deduction or deferral available.</p> <p>Sale: Tax on sale. Taxable amount is one half of any capital gain.</p>		<p>time of exercise, no withholding is required to the extent the deferral applies.</p>	<p>employers may be payable even where tax deferral applies.</p>	<p>be required in certain instances depending on specific plan terms. Effective September 14, 2005, pre-grant exemptive relief is no longer required in Quebec.</p>		<p>purchase shares terminates as of date employee receives notice of termination.</p>	<p>abroad. Special requirements apply in Quebec.</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Chile	<p>SOP/ESPP: Although not clear, our view is that no tax on spread at exercise/purchase unless sub reimburses parent for spread or takes a local deduction. If reimbursement is made, some risk that employee may be subject to double taxation on the spread at exercise/purchase (once at exercise/purchase and again at sale). This risk has been minimized by a ruling concerning the tax treatment of performance shares and units.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale; taxable amount depends on whether investment registered with the Chilean IRS.</p>	<p>SOP/ESPP: Possible with sub reimbursement but will cause employee tax on exercise/purchase and may cause sub to be taxed on the reimbursement payment to parent.</p> <p>RS/RSU: Possible if sub reimburses parent and grant is included in individual employee contracts.</p>	<p>SOP/ESPP/RS/RSU: No, unless sub reimburses the parent and seeks a local deduction.</p>	<p>SOP/ESPP/RS/RSU: Probably no, unless sub reimburses parent and seeks a local deduction.</p>	<p>SOP/ESPP/RS/RSU: Not generally.</p>	<p>SOP/ESPP: To remit funds in excess of US\$10,000 for purchase of shares, employees must comply with regulations, even if cashless exercise is used. Annual reporting for foreign investments greater than US\$5 million required.</p> <p>RS/RSU: Annual reporting for foreign investments greater than US\$5 million required.</p>	<p>SOP/ESPP/RS/RSU: Yes, especially if sub reimburses parent. May be mitigated with employee's acknowledgement and waiver.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is recommended.</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Colombia	<p>SOP/ESPP: Arguably, no tax at exercise/purchase, unless sub reimburses parent for spread. If sub reimburses parent, spread would be treated as labor income and tax would be due at exercise/purchase.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale.</p>	<p>SOP/ESPP/RS/RSU: Yes, if sub reimburses parent and withholding is made. To mitigate exchange control risk, intercompany accounting entries are preferred.</p>	<p>SOP/ESPP/RS/RSU: Yes, if the sub reimburses parent and claims a local deduction or is otherwise involved in the grant.</p>	<p>SOP/ESPP/RS/RSU: Yes, if reimbursement is made. No social insurance if there is an agreement that the benefits are not part of salary.</p>	<p>SOP/ESPP: Yes, if over 99 offerees, but separate and distinct offerings need not be aggregated.⁷</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP: If funds are remitted to purchase shares, an exchange declaration is required and investment is automatically registered with the Bank of the Republic. May apply to sub reimbursement.</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Yes, may be mitigated with employee agreement that grant is discretionary, that the plan is subject to termination and that benefits are not salary.</p>	<p>SOP/ESPP/RS/RSU: Written consent from the employee for the collection, use and transfer of data abroad before implementing the plan is recommended.</p>
Denmark	<p>SOP/ESPP: Tax on spread at exercise for options for newly issued shares and treasury shares which first vest after January 1, 2001. Tax on spread at purchase for ESPP.</p> <p>A tax-favorable regime is available (provided certain requirements are</p>	<p>SOP/ESPP/RS/RSU: Allowed if sub reimburses parent under a written reimbursement agreement.</p> <p>No deduction allowed under the tax-favored regime.</p>	<p>SOP/ESPP/RS/RSU: Reporting required at exercise/purchase and sale.</p> <p>There is no withholding obligation.</p>	<p>SOP/ESPP/RS/RSU: Employee subject to social contributions.</p> <p>No employer withholding required.</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: The EU Prospectus Directive has been fully implemented. Aside from EU Prospectus Directive, Danish Law requires a prospectus for offers to more than 100 employees with a value between €100,000 and €2,500,000 calculated on an EU-wide basis.</p>	<p>SOP/ESPP/RS/RSU: Foreign accounts must be reported to the Danish tax authorities and shares must be held in a Danish bank or by an approved foreign broker or bank.</p>	<p>SOP/ESPP/RS/RSU: The Danish Stock Option Act, which applies to grants after June 30, 2004 (and seemingly covers grant by U.S. multinationals), permits forfeiture of unvested options for voluntary terminations, but not for involuntary terminations with</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is strongly recommended.</p>

⁷ A new securities law has been enacted pursuant to which a public offer may be deemed to exist when an offer is made to an undetermined number of persons, is targeted to undetermined sectors or groups of entities or individuals or is made through mass media with the purpose of selling, subscribing, transferring or acquiring securities. As of March 2007, no regulations have been issued. In the meanwhile, the government informally announced that it will continue to apply the criteria set forth in the 1995 law, according to which a “public offer” is any offer made to “undetermined persons” or to 100 or more determined persons.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>met) at the election of the employee and the employer which defers tax until sale.</p> <p>RS/RSU: Tax at grant for RS; tax also likely at grant for RSU subject to time-based vesting, unless forfeited at death; tax at vesting for RSU subject to vesting criteria other than continued employment. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale. In some cases, shares required before January 1, 2006 may qualify for special tax treatment.</p>						<p>limited exception. Thus, terminating employees may have a right to retain at least a portion of unvested options. Rules may also apply to RSUs. Employee involuntarily terminated may participate in current ESPP purchase. The Supreme Court decision in the Intel case applies to options granted prior to July 1, 2004 and provides that terminated employees (including voluntary terminations) have a right to retain for their full term vested and unvested options.</p> <p>A new decision of the Danish Maritime and Commercial Court cast some doubt on the applicability of the Intel decisions to ESPPs.</p> <p>Equity awards will likely be included when calculating holiday pay upon termination of employment.</p>	
Finland	<p>SOP/ESPP: Tax on spread at exercise/purchase. For ESPP, may be able to exclude 10% of discount at purchase if newly</p>	<p>SOP/ESPP/RS/RSU: Yes, if sub reimburses parent.</p>	<p>SOP/ESPP/RS/RSU: Withholding and reporting required at taxable event.</p>	<p>SOP/ESPP/RS/RSU: Employee health contributions due on income at taxable event, but no employer withholding.</p>	<p>See * at end of table. SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Yields from stock options may be taken into account as salary in determining the amount of compensation for</p>	<p>SOP/ESPP/RS/RSU: Obtain written consent from employees or file prior notice with the Personal Data Protection</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>issued shares are used.</p> <p>RS/RSU:</p> <p>Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale:</p> <p>Tax on sale, subject to certain deductions.</p>			<p>Possible employer contributions for RSUs depending on whether grant is based on future performance of stock or financial performance of company.</p>			<p>unlawful termination of employment.</p>	<p>Ombudsman before transferring data abroad.</p>
France	<p>SOP/ESPP:</p> <p>Tax on spread at exercise/purchase. Deferral of tax on spread available for stock options granted pursuant to a French sub-plan.⁸</p> <p>RS/RSU:</p> <p>Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event. Deferral of tax available for RSU</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Yes, a limited deduction may be available under certain conditions.¹⁰</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Generally no withholding. Reporting obligations apply.</p>	<p>OP/ESPP/RS/RSU:</p> <p>Yes (uncapped at rates up to 45% for the employer and 23% for the employee), but not for French-qualified options or RSUs granted under a sub-plan, if certain minimum vesting/holding periods are satisfied. Employer must withhold the employee contributions.</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU:¹¹</p> <p>EU Prospectus Directive has been fully implemented. However, stock options, and RSUs, are not considered “transferable securities” subject to the Directive.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Minor declaration requirements.</p>	<p>SOP/ESPP:</p> <p>Not generally, but a disclaimer is recommended.</p> <p>RS/RSU:</p> <p>Forfeiture may be regarded as prohibited financial sanction. Can be mitigated by including explicit terms and conditions of forfeiture in the plan.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Employees’ written consent for the collection, use and transfer of data abroad is recommended. Database of employee information and any data intended to be transferred must be declared to the Commission Nationale de L’Informatique et des Libertes (“CNIL”).</p>

⁸ Tax qualification may be available for the stock option plan, resulting in deferral of tax due at exercise for employees as well as elimination of most employee and employer social security contributions if shares not sold for four years from grant. A sub-plan should be in place at the time of grant of French qualified options. Special closed period restrictions may apply to grant of French-qualified options which may preclude grants during specified periods surrounding publication of financial statements and other corporate events. Tax-favored stock purchase plan (P.E.E.) may be considered.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	granted under a French sub-plan. ⁹ Sale: Tax on sale if employee's annual stock sales exceed a certain amount.							
Germany ¹²	SOP/ESPP: Tax on spread at exercise/purchase. ¹³ Small deduction may apply. RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.	SOP/ESPP/RS/RSU: Only if there is an actual purchase and sale of the shares by the local subsidiary or an actual reimbursement of the true costs incurred by the parent company in acquiring treasury shares and if local subsidiary can book costs as salary expenses.	SOP/ESPP/RS/RSU: Yes.	SOP/ESPP/RS/RSU: Yes, for both employee and employer, unless contribution ceiling already met. Employer has to withhold the employee's contribution.	See * at end of table. SOP/ESPP/RS/RSU: EU Prospectus Directive has been implemented. Germany does not presently consider RSUs to be subject to the Directive, but options likely are.	SOP/ESPP/RS/RSU: Minor reporting may be required.	SOP/ESPP/RS/RSU: Possibly. It is advisable to make U.S. law the governing law, minimize the involvement of the local subsidiary and include a written disclaimer. Discrimination against part-time employees is prohibited. Works Council (if any) may have to be notified before implementation of the plan. Germany	SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is recommended. Consent should be comprehensive and explain purpose and extent of data collection, use and transfer and identify potential recipients of the data. If more than four employees

⁹ Tax qualification is available for RSU, resulting in deferral of tax due at vesting as well as elimination of most employer and employee social security contributions, if a minimum two year vesting is imposed as well as a two year post-vesting holding period. A sub-plan will be required, which imposes certain other restrictions, such as requirements regarding grants (or perhaps sales) during closed periods. Special closed period restrictions may restrict sale of shares during certain periods surrounding publication of financial statements and after corporate events.

¹⁰ A deduction is allowed only with respect to shares that the parent has repurchased, not newly issued shares, and only with respect to the actual loss sustained and the deduction may be limited to qualified options.

¹¹ According to a recent financial solicitation law, it is possible that financial solicitation restrictions apply to ESPP offerings regardless of number of offerees. However, if certain steps are taken (including having the grant materials sent by U.S. company), then the financial solicitation rules arguably do not apply.

¹² The holding of payroll deductions by the German subsidiary under the ESPP may be considered as conducting a deposit business, requiring a license under German banking laws. In informal discussions, the German Financial Services Supervisory Authority has taken the position that this activity should fall within an exemption from the licensing requirement. Under a conservative approach, company may obtain a formal ruling confirming the availability of the exemption, or set up a separate bank account to hold the payroll deductions in the name of the employees.

¹³ Taxable event may be delayed until shares are debited from company's books after exercise/purchase. In addition, the fair market value of the shares on the date of the taxable event may be the lowest market price on that date. Therefore, the amount of the spread may be different than in other countries in which the fair market value is determined in accordance with the provisions of the plan. It is not certain if these rules apply to U.S. companies whose shares are not listed on an EU exchange.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>Sale:</p> <p>No tax on sale if the stock is held for 12 months or more and certain other conditions are met.</p>						has enacted new anti-discrimination act prohibiting age discrimination implementing EU Directive.	are occupied (even if only occasionally) with collecting, processing or using personal data, it may be necessary to register automated databases and/or appoint a data protection officer.
Hong Kong¹⁴	<p>SOP/ESPP: Tax on spread at exercise/purchase.¹⁵</p> <p>RS/RSU: Tax at grant for RS; tax at vesting likely for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: No tax on sale.</p>	<p>SOP/ESPP/RS/RSU: Generally allowed if sub reimburses parent.</p>	<p>SOP/ESPP/RS/RSU: Reporting only.</p>	<p>SOP/ESPP/RS/RSU: No.</p>	<p>SOP/ESPP/RS/RSU: No, provided certain requirements are met. ORSO legislation may treat stock plan as retirement scheme subject to registration/exemption process if benefits under plan are paid only in cash.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: No, if employee acknowledges discretionary nature of plan. Discrimination against part-time employees is problematic if predominantly women.</p>	<p>SOP/ESPP/RS/RSU: Comply with Hong Kong's Personal Data (Privacy) Ordinance which includes providing notice to employees and obtaining employee consent to collection, use and transfer of data.</p>
India	<p>Effective April 1, 2007, income tax is no longer due on employee equity awards. Instead, an employer-level fringe benefits tax</p>	<p>SOP/ESPP/RS/RSU: Allowed if sub reimburses parent, but exchange controls may prevent.</p>	<p>SOP/ESPP/RS/RSU: No.</p>	<p>SOP/ESPP/RS/RSU: No.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP: For options, Reserve Bank approval required for exercise, unless conditions of general permission are met.</p>	<p>SOP/ESPP/RS/RSU: Not generally, provided options/purchase rights/stock awards are not part of</p>	<p>SOP/ESPP/RS/RSU: Written consent and reservation of the right to transfer information to group companies or third parties is</p>

¹⁴Payroll deductions technically are not permitted.

¹⁵For purchase rights, it may be possible to take the position that the employees will be taxed at grant on the value of the purchase rights as determined by an independent auditor.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>("FBT") of 33.99% applies on the value of stock benefits provided to employees. It is permissible for the employer by contract to obtain reimbursement of the FBT from employees, but this tax raises several issues. Employer must make quarterly advance payments of FBT.</p> <p>SOP:</p> <p>FBT is due at exercise but based on spread at vesting.</p> <p>ESPP:</p> <p>FBT based on discount at purchase.</p> <p>RS/RSU:</p> <p>FBT due on the fair market value of the shares at vesting.</p> <p>Sale:</p> <p>Tax on sale, with some exceptions when employee is not ordinary Indian resident and granting entity is foreign. Basis of shares is increased by taxable amount subject to FBT.</p>					<p>For ESPP, Reserve Bank approval is no longer required for remittance of payroll deductions from sub to parent if conditions of general permission are met.</p> <p>Deductions should be held in one bank account; a special form must be submitted to an authorized dealer when funds are remitted to purchase shares. Repatriation required.</p> <p>RS/RSU:</p> <p>None except repatriation.</p> <p>Note: Exchange controls may come into play with respect to reimbursement of FBT by employee.</p>	<p>employment contract.</p>	<p>recommended. If the Indian affiliate has 100 or more employees, the Indian Industrial Employment (Standing Order) Act of 1946 applies which requires that employees have rights of access.</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Indonesia	<p>SOP/ESPP: Tax on spread at exercise/purchase if reimbursement/local deduction. If no reimbursement/local deduction, likely tax at exercise/purchase may be deferred until sale.</p> <p>RS/RSU: Tax at grant likely for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale.</p>	<p>SOP/ESPP/RS/RSU: Likely allowed if sub reimburses parent under a written reimbursement agreement, benefit from the plan is treated as cash remuneration and the general requirements of deductibility are satisfied.</p>	<p>SOP/ESPP: Yes, if sub reimburses parent. Likely none if no reimbursement.</p> <p>RS/RSU: Generally, no withholding; likely no reporting.</p>	<p>SOP/ESPP/RS/RSU: Yes, if sub reimburses the parent and the plan benefits are treated as cash remuneration and part of the employees' base salary.</p>	<p>SOP/ESPP: Yes, if options/shares of Rp 1 billion or more offered and options/shares are offered to more than 100 people worldwide or shares are purchased by more than 50 people worldwide. SOP limited to cashless exercise should avoid registration requirement.</p> <p>RS/RSU: No, if no cash consideration paid by employees. RSU paid in cash also will avoid the registration requirements.</p>	<p>SOP/ESPP/RS/RSU: Statistical reporting requirements apply.</p>	<p>SOP/ESPP/RS/RSU: Generally, no, but disclaimer recommended to reduce risk of equity income being included in termination indemnities.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is recommended.</p>
Ireland	<p>SOP/ESPP: Generally, tax on spread at exercise/purchase.¹⁶</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market</p>	<p>SOP/ESPP/RS/RSU: Generally, allowed if sub reimburses parent under a written reimbursement agreement and certain conditions are met, although availability of deduction may be challenged. Additionally, deduction will be</p>	<p>SOP/ESPP/RS/RSU: Reporting only. (Withholding required for RSUs if settled in cash.)</p>	<p>SOP/ESPP/RS/RSU: No. (Social insurance due if RSUs settled in cash.)</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented.</p> <p>Directors, shadow directors and the secretary of an Irish subsidiary must comply with certain reporting requirements in</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally no.</p>	<p>SOP/ESPP/RS/RSU: Recommend obtaining employees' written consent for the transfer of data abroad and executing agreements between the parent, sub and agents to ensure compliance with the Data Protection Act. Employees' PPS</p>

¹⁶ Tax qualification is available for certain approved share schemes and certain stock purchase arrangements (SAYE), resulting in tax deferral, reduction or exemption for employees. Seven-year deferral is no longer available.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>value of the shares on the tax event.</p> <p>Sale: Tax on sale, subject to annual exclusion.</p>	<p>permitted only if Irish resident employees are taxed on the relevant equity award within the tax year in which the reimbursement payment is made or within 9 months of the end of that tax year.</p>			<p>connection with their acquisition and disposition of securities (including options, purchase rights and stock awards) in the U.S. parent.</p>			<p>numbers (Irish SSNs) should not be collected unless for a specific purpose permitted by law. Also, an agreement between the parent and the sub and the parent and its agents to keep information confidential may be required.</p>
Israel	<p>SOP/ESPP/RSU: Tax on sale.¹⁷</p> <p>RS: Under a non-trustee plan, RS likely taxed at grant and sale; under trustee plan, RS is taxed at sale.</p> <p>Under a non-trustee plan, employees are taxed at marginal rates and a local tax deduction is not available (except that a deduction may be available for RS taxed at grant).</p> <p>Under an approved</p>	<p>SOP/ESPP/RS/RSU: May be allowed with an approved trustee plan if income method chosen and if sub reimburses parent under written reimbursement agreement. Generally not available with a non-trustee plan (except for RS taxed at grant).</p>	<p>SOP/ESPP/RS/RSU: Reporting and withholding at sale on non-trustee plans or if income method selected for approved trustee plan. In addition, an annual report of stock plan activity must be filed. Deadline currently uncertain due to changes in law.</p>	<p>SOP/ESPP/RS/RSU: Yes, on non-trustee plans or if income method is chosen and wage base is not otherwise exceeded.</p>	<p>SOP/ESPP: Prospectus and reporting requirements apply if grants are made to more than 35 employees. The securities authorities are likely to grant an exemption under certain circumstances.</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally no, but disclaimer is recommended.</p>	<p>SOP/ESPP/RS/RSU: Register databases with personal information pursuant to the Protection of Privacy Law of 1981. Employees' written consent to the collection, use and transfer of data is recommended.</p>

¹⁷Recent legislation provides that persons who cease to be resident in Israel are regarded as having disposed of all of their assets, including options and shares granted to employees.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	trustee plan, the employer may elect either the income method or the capital gain method. Under the income method, employees are taxed at marginal income tax rates at the time of sale and a local deduction is available. Under the capital gain method, employees are taxed at capital gains rates and no local deduction is available. Lock up periods apply to trustee plans.							
Italy	<p>ESPP: Exemption under broad-based grant provisions applies for first €2,065 of discount at purchase if shares held 3 years from date of purchase.</p> <p>SOP: Broad-based grant exemption (described above) potentially applicable if grants made to all</p>	SOP/ESPP/RS/RSU: Allowed if sub reimburses parent under a written agreement. The deduction may be limited based upon OECD guidelines on transfer pricing and may increase labor risks.	SOP/ESPP/RS/RSU: Withholding and reporting required unless exemption/deferral applies	SOP/ESPP/RS/RSU: Yes, unless exemption/deferral applies. For options granted before July 5, 2006 under the old “fair market value” exemption, no social insurance contributions apply.	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented. The Italian regulator confirmed that non-transferable options are not subject to the Directive. Likely that awards offered without requiring the payment of consideration (e.g., RS/RSUs) will not be subject to the Directive (as under prior Italian law).</p>	SOP/ESPP/RS/RSU: Minor reporting requirements may apply for employees at exercise if value exceeds €12,500 and for company if the aggregated amount paid by employees to purchase shares exceeds €500,000 in any 12 month period.	SOP/ESPP/RS/RSU: Possible entitlement issues; however, the risks may be reduced if employees acknowledge discretionary nature of plan and plan is excluded from salary. Employees should also expressly agree to accept terms of plan and any non-negotiated option or other agreement.	SOP/ESPP/RS/RSU: Data privacy law applies. Appointment of data controller in Italy may be required. Employee consent required for data not exempt as necessary to conclude/perform a contract.

* Guidelines issued by the Ministry of Finance provide that the fair market value is the average closing price over the month preceding the grant date. This one-month period commences on the same day of the month preceding the grant date and ends on (and includes) the grant date.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>employees of Italian subsidiary.</p> <p>Otherwise, taxation depends on timing of grant and exercise.</p> <p>For grants between 1/1/98 and 1/15/2000, no tax on exercise if option over newly issued shares.</p> <p>For other grants exercised on or after October 3, 2006, fair market value tax exemption at exercise applies if option granted at fair market value,¹⁸ options are not exercisable for three years from date of grant, shares are publicly traded on a regulated exchange and employee retains shares equal in value to spread at exercise (using special definition of fair market value) for 5 years after exercise. Special rules apply for exercise between July 5, 2006 and October 2, 2006.</p> <p>In all other cases not covered by broad-based exemption or fair market value exemption, tax on spread at exercise.</p>				<p>Italian financial intermediary is required regardless of number of offerees. Cashless sell-all method for options will avoid this requirement.</p> <p>Financial intermediary requirements likely do not apply to RS/RSU.</p>			

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale.</p>							
Japan ¹⁹	<p>SOP/ESPP: Tax on spread at exercise/purchase, probably as salary (remuneration) income.²⁰ NTA is challenging employees who claim option income as occasional income which is taxable at a lower effective rate.</p> <p>RS/RSU: Likely tax at vesting for RS/RSU; however, tax consequences are uncertain and tax at</p>	<p>SOP/ESPP/RS/RSU: Law uncertain; however, probably allowed if the sub buys shares and sells or transfers them to employees. New accounting rules and deduction rules for Japanese companies arguably provide more support for corporate deduction with a chargeback agreement. No deduction allowed for benefits granted to officers or directors of the sub.</p>	<p>SOP/ESPP/RS/RSU: Some uncertainty exists; generally yes, if the sub bears the cost of providing plan benefits and is significantly involved. Due to recent audit activity, issues of withholding should be revisited on a regular basis.</p>	<p>SOP/ESPP/RS/RSU: Generally, no.</p>	<p>SOP/ESPP: Yes. Depends on value and size of offering as well as whether the local subsidiary is a direct, wholly owned subsidiary of the issuer. Grants to 50 or more offerees in excess of ¥100,000,000 require an extensive filing and ongoing filings as well; aggregation rules apply (24-month aggregation period reduced to 12 months). Recent legislation would eliminate onerous reporting/filing requirements for non-Japanese issuers, but</p>	<p>SOP/ESPP: Notification required if an employee purchases shares in excess of ¥100,000,000.</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Not generally, if right to terminate is reserved in writing.</p>	<p>SOP/ESPP/RS/RSU: Employee's written consent to the collection, use and transfer of data is recommended.</p>

¹⁹ An agreement between an employee representative and the local entity must be signed for payroll deductions to be permitted in an ESPP.

²⁰ On January 25, 2005, the Supreme Court upheld a Tokyo High Court's ruling that the income should be characterized as remuneration income (the Tokyo High Court previously had reversed lower court decisions that had characterized the income as occasional income). Because the Supreme Court indicated that its decision was limited to the particular case, it is unclear how the decision will impact outstanding cases on this issue.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>grant is possible (especially if RS/RSU carries voting/dividend rights). RS/RSU are classified as remuneration income. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale, but non-permanent residents may be able to avoid this tax. Reduced capital gains rates may apply if the shares are sold through a Japanese broker.</p>				<p>effective date uncertain.</p> <p>RS/RSU: None.</p>			
Korea²¹	<p>SOP/ESPP: Tax on spread at exercise/purchase.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares</p>	<p>SOP/ESPP/RS/RSU: The current position of the Ministry of Finance and Economy is to deny such deductions, although this position is uncertain and subject to change. Exchange control approval required for</p>	<p>SOP/ESPP/RS/RSU: Generally no, provided that sub does not reimburse parent. Tax authorities are actively auditing to collect unpaid tax on options.</p>	<p>SOP/ESPP/RS/RSU: Yes.</p>	<p>SOP/ESPP/RS/RSU: No, employee exemption applies.</p>	<p>SOP/ESPP: Remittance of funds to purchase shares must be “confirmed” by a Korean foreign exchange bank.</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Written disclaimer should be obtained to reduce risk of entitlement. Likely that the spread/ discount will constitute “wages,” as will RS/RSUs, particularly if there is reimbursement.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is recommended.</p>

²¹ Employee payroll deductions should not be commingled with corporate funds in Korea.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	on the tax event. Sale: Tax on sale, subject to an exclusion.	reimbursement.						
Malaysia²²	SOP/ESPP: According to 2006 Finance Act, for options, tax will be due on the lower of (1) the difference between option price and fair market value of the shares at vesting, and (2) difference between option price and fair market value of shares at exercise, but tax will be due only at exercise. ²³ RS/RSU: Likely tax at grant for RS; RSU likely	SOP/ESPP/RS/RSU: Generally yes, if sub reimburses parent for spread or costs associated with plan. Written agreement recommended. Sub may not reimburse for spread or costs allocated to awards made to directors.	SOP/ESPP/RS/RSU: Sub should notify Inland Revenue Board of each grant. For options, sub also has to report all exercises on an annual basis on a prescribed form. Withholding will be required unless sub obtains exemption or employee elects in writing to pay income tax on his/her own account.	SOP/ESPP: No. RS/RSU: Generally no.	SOP/ESPP/RS/RSU: Filing of Information Memorandum with Malaysian Securities Commission required within seven days of distribution of grant materials to employees in Malaysia. Filing must contain all of the grant materials distributed to employees in Malaysia.	SOP/ESPP: Notification/reporting requirements may apply when options are exercised/shares are purchased and when funds are remitted to Malaysia, depending on amount remitted out of or into Malaysia. RS/RSU: None	SOP/ESPP/RS/RSU: No, provided employee is not contractually entitled to the grant.	SOP/ESPP/RS/RSU: Currently no restrictions, but enactment of Personal Data Protection Act is planned. Recommend obtaining employees' written consent for collection, use and transfer of their data.

²² For employees whose wages do not exceed MYR1, 500 (approximately US\$400) per month or who engage in manual labor, payroll deductions under ESPP must be approved by the Director-General of Labor.

²³ For Malaysian tax purposes, the fair market value of the stock is the average of the high and low price of the stock on a given date. The 2006 Finance Act becomes effective January 1, 2006 and generally applies to options granted and/or vested on or after this date. For options granted prior to January 1, 2006, employee may elect to be taxed under old rules (*i.e.*, tax on the discount at grant using average between high and low price, but tax due at exercise).

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>taxed at vesting. Taxable amount is fair market value of the shares²⁴ on the tax event.</p> <p>Sale: None, unless employee is in business of buying and selling securities.</p>							
Mexico ²⁵	<p>SOP: Tax on exercise regardless of whether reimbursement is made.</p> <p>ESPP: Tax on purchase only if the sub reimburses parent for discount/seeks a deduction, although new legislation applicable to options granted on or after January 1, 2005 may apply to ESPP depending upon the ESPP terms, in which case tax due on spread at</p>	<p>SOP/ESPP: Yes, if sub reimburses parent, but will cause employee tax on spread at purchase for ESPP and likely will trigger social insurance contributions on spread. Written reimbursement agreement required.</p> <p>RS/RSU: Yes, if sub reimburses parent, but likely will trigger social insurance contributions. Written reimbursement</p>	<p>SOP: Reporting and withholding only if reimbursement.</p> <p>ESPP: Reporting and withholding only if reimbursement unless new option legislation applies to ESPP.</p> <p>RS/RSU: Reporting and withholding only if reimbursement.</p>	<p>SOP/ESPP/RS/RSU: Probably, if reimbursement is made; however, it is likely the social insurance ceiling will have already been met.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Possible plan entitlement issues, especially if sub reimburses parent and/or SOP/ESPP/RS/RSU granted/offered on regular basis. Possible restrictions on payroll deductions. Written disclaimer must be obtained to reduce risk of entitlement.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended. Federal privacy legislation is under consideration.</p>

²⁴ As for options, the fair market value of the stock is the average of the high and low price on a given date. The right to elect tax under the old rules for options granted prior to January 1, 2006 would likely also apply to RSUs (*i.e.*, employees may elect to be taxed on fair market value at grant, but tax due at vesting).

²⁵ Enrollment forms for ESPP should be modified for labor law considerations.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>purchase regardless of reimbursement.</p> <p>RS/RSU: Tax at vesting for RS/RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale. Risk of double taxation of spread for shares acquired under SOP.</p>	agreement required.						
Netherlands	<p>SOP/ESPP: For options where the first vesting occurs after January 1, 2005, taxation at exercise. For all options where the first vesting occurred prior to January 1, 2005, tax is imposed as option becomes unconditional (generally, vesting date) on value of</p>	<p>SOP/ESPP/RS/RSU: No, the availability of a corporate tax deduction for stock-based compensation was eliminated, effective January 1, 2007.</p>	<p>SOP/ESPP/RS/RSU: Yes.</p>	<p>SOP/ESPP: Yes, but employee's income may exceed the wage base.</p> <p>RS/RSU: Yes, but employee's income may exceed the wage base.</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented.</p>	<p>SOP/ESPP/RS/RSU: Minor reporting requirements may apply.</p>	<p>SOP/ESPP/RS/RSU: Works Council approval may be required to terminate plan.²⁷ Courts may consider plan benefits in calculating severance award.</p>	<p>SOP/ESPP/RS/RSU: Explicit, unambiguous, written consent required. Data privacy registration requirements generally apply.</p>

²⁶ If employees cannot withdraw from the ESPP and receive accumulated payroll deductions for some designated period prior to purchase, the employee will generally be taxed at the time they can no longer withdraw based on a Black Scholes valuation as of that date.

²⁷ Works council consent may also be required prior to a grant in certain circumstances under a recent Court of Appeals decision.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>option (spread plus “expectation value” based on formula).</p> <p>Certain alternative treatment and special elections applied to older grants.</p> <p>Generally, tax on discount at purchase for ESPP.²⁶</p> <p>Dutch Tax Authorities have created a special task force to audit individuals to ensure that they reported option gains properly in prior years, starting in 1992. A Tax Amnesty program is currently available for employees to remit past taxes due without penalties.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is generally fair market value of the shares on the tax event.</p> <p>Sale: None, provided employee does not hold a substantial interest (5%) of company’s stock.</p>							

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	Other Tax: Annual investment tax on value of all assets (including shares).							
New Zealand²⁸	SOP/ESPP: Tax on spread at exercise/purchase. RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event. Sale: Generally no tax on sale provided shares are not sold immediately after acquisition.	SOP/ESPP/RS/RSU: Allowed if sub reimburses parent under a written reimbursement agreement.	SOP/ESPP/RS/RSU: No.	SOP/ESPP/RS/RSU: No.	SOP/ESPP: Yes, but an exemption is generally available if issuer complies with exemption requirements, prescribed information is provided to employees and annual reporting requirements are satisfied. Also, financial reporting act requirements apply but, it may be possible to obtain exemptions from certain requirements. Use of treasury shares may be helpful. RS/RSU: None, assuming there is no purchase price (even a de minimis price).	SOP/ESPP/RS/RSU: None.	SOP/ESPP/RS/RSU: No.	SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is required. The sub's privacy officer should ensure that data transfers comply with the principles of the Privacy Act.
Norway	SOP/ESPP: Tax on spread at exercise/purchase. Spread realized at	SOP/ESPP/RS/RSU: Probably allowed if sub reimburses parent, especially if treasury	SOP/ESPP/RS/RSU: Yes.	SOP/ESPP/RS/RSU: Yes (uncapped, at rate of 7.8% for employees and	See * at end of table. SOP/ESPP/RS/RSU: EU Prospectus Directive	SOP/ESPP: Generally, no. RS/RSU:	SOP/ESPP/RS/RSU: Possible plan entitlement issues. Statement regarding	SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and

²⁸ Generally, payroll deductions for an ESPP must be placed in a trust account.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>exercise may be apportioned over the time period between grant and exercise.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event. Taxable amount for RSUs may be apportioned over the time period between grant and vesting.</p> <p>Sale: Tax on sale.</p> <p>Other Tax: Shares, and possibly options, are subject to annual wealth tax.</p>	shares are issued.		14.1% for employers) for income up to NOK 903,224 and 26.6% for higher income levels.	has been fully implemented.	None.	discretionary nature of the plan should be signed by employees.	transfer of data abroad is recommended. If consent is not obtained, it may be necessary to file a notification with the Norwegian Data Inspector.
Philippines	<p>SOP/ESPP: Tax on spread at exercise/purchase. If reimbursement is made, fringe benefit tax (payable by employer only) applies for benefits to non-rank-and-file employees.</p> <p>RS/RSU: Tax at vesting for RSU. RS may be taxed at grant, although tax at</p>	SOP/ESPP/RS/RSU: Probably allowed if sub reimburses parent under a written reimbursement agreement and required withholdings are made; tax ruling advisable.	SOP/ESPP/RS/RSU: Yes, if sub reimburses parent.	SOP/ESPP/RS/RSU: Yes, if sub reimburses parent.	SOP/ESPP/RS/RSU: Need to obtain confirmation of availability of an exemption from Philippine SEC and pay exemption fee.	SOP/ESPP/RS/RSU: No, approval only required for investments in excess of US\$6 million.	SOP/ESPP/RS/RSU: Not generally, if not an “employer practice.” Statement regarding discretionary nature of plan should be acknowledged by employees.	SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	vesting is likely. Taxable amount is fair market value of the shares on the tax event. Sale: Tax on sale.							
Portugal ²⁹	SOP/ESPP: Tax on spread at exercise/purchase. RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event. Sale: Tax on gain at sale unless shares are held for one year or more.	SOP/ESPP/RS/RSU: Yes, if sub reimburses parent.	SOP/ESPP/RS/RSU: No withholding. Reporting requirements apply.	SOP/ESPP/RS/RSU: Law is unclear. Likely due where sub reimburses parent.	See * at end of table. SOP/ESPP/RS/RSU: Aside from requirements of EU Prospectus Directive, minor reporting requirements may apply to Portuguese public companies or other companies with securities traded on Portuguese markets. The EU Prospectus Directive has been implemented.	SOP/ESPP/RS/RSU: None.	SOP/ESPP/RS/RSU: Written disclaimer important to reduce risk of plan entitlement. Irregular grants reduce risk.	SOP/ESPP/RS/RSU: Written consent from the employee and authorization from the Comissão Nacional de Protecção de Dados are required before transmitting employee data abroad.
Singapore ³⁰	SOP/ESPP: Tax on spread at exercise/purchase. ³¹	SOP/ESPP/RS/RSU: Allowed if sub reimburses parent	SOP/ESPP/RS/RSU: Generally no withholding. Reporting	SOP/ESPP/RS/RSU: Probably not.	SOP/ESPP: Under the new securities law which came into	SOP/ESPP/RS/RSU: None.	SOP/ESPP/RS/RSU: Plan and agreements/enrollment	SOP/ESPP/RS/RSU: Written consent from employees for the

²⁹ Payroll deductions should be held in a separate account.

³⁰ Ministry of Manpower approval required for ESPP if payroll deduction will be taken from non-managerial employees' pay.

³¹ For options granted on or after January 1, 2003, expatriate employees ceasing employment or leaving Singapore may be deemed to have exercised option and be subject to taxation.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>Employee may be able to defer tax or take a (partial) tax exemption for certain qualified option grants.</p> <p>RS/RSU: Tax at vesting for RS/RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: No tax on sale.</p>	under a written reimbursement agreement.	requirements apply.		<p>force October 15, 2005, exemptions will be available for offers to fewer than 50 employees or with a value of less than</p> <p>US\$5 million in a 12-month period. The new law also retains the existing exemption for offer to employees, consultants, etc.</p>		forms should indicate plan is discretionary.	transfer of data abroad is recommended.
Slovak Republic	<p>SOP/ESPP: Tax at vesting of options on fair market value of shares on vesting date, less the option price. Options vested before 12/15/05 likely will continue to be taxed at exercise rather than vesting. Tax on spread at purchase under ESPP.</p> <p>RS/RSU: Tax at vesting. Taxable amount is fair market value of the shares at vesting.</p>	SOP/ESPP/RS/RSU: Yes, if reimbursement made. Written reimbursement agreement may be required.	SOP/ESPP/RS/RSU: Yes. Reporting and withholding likely required regardless of reimbursement.	SOP/ESPP/RS/RSU: If tax withholding and reporting are required, social security contributions are required and withholding of the employee's portion is required. Regardless of tax withholding, local sub always required to withhold the employee's health insurance contributions.	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented.</p>	SOP/ESPP/RS/RSU: Notification not required unless a foreign bank account set up and operated by the employee or the local sub in connection with the plan.	SOP/ESPP/RS/RSU: No.	SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is recommended. Additionally, the local sub may need to obtain the consent of the Slovak Data Protection Office to collect, use and transfer the employee's personal data. The Company and the local sub should request a ruling from the Data Protection Office prior to the implementation of the plan to clarify whether consent

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>Sale:</p> <p>Tax on sale, subject to a possible exemption. Some risk of double taxation.</p>							required.
Spain	<p>SOP/ESPP:</p> <p>Tax on spread at exercise/purchase. Exemption may apply to 40% of taxable income of stock options if the options are not exercisable for more than two years and not granted on a repeated basis. €12,000 exemption may apply to stock options and ESPP if shares are held for at least three years after the exercise/purchase date.</p> <p>RS/RSU:</p> <p>Tax at vesting. Taxable amount is fair market value of the shares. A €12,000 exemption may apply to RS/RSU if shares are held for at least three years after vesting.</p> <p>Sale:</p> <p>Tax on sale.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Yes, if reimbursement made. Written reimbursement agreement advisable.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Yes, payment-on-account required on compensation in-kind unless annual limits exceeded or €12,000 or 40% exemption applies. Withholding required on compensation in cash.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Yes, unless monthly ceiling has already been met or exemptions apply.</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU:</p> <p>EU Prospectus Directive has been implemented.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Minor reporting requirements.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Written disclaimer recommended acknowledging voluntary nature of plan and that employee has received copy of plan. Spanish Supreme Court cases have held that the benefit received from option grants will be included in the calculation of severance payments and that terminated employees may have the right to exercise unvested options. Similar analysis is likely to be applied to RS/RSU. We recommend inserting disclaimer and U.S. choice of law language, but there is no guarantee that Spanish courts will uphold the disclaimer.</p>	<p>SOP/ESPP/RS/RSU:</p> <p>Local sub must file a notification with the Spanish Data Protection Agency to maintain an automated database. Written consent from employees for the transfer of data abroad to the parent or a third party administrator is recommended.</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Sweden	<p>SOP/ESPP: Tax on spread at exercise for options that vest on or after July 1, 1998. Tax likely on spread at purchase under ESPP.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on sale.</p>	<p>SOP/ESPP/RS/RSU: Yes, if reimbursement made. Written reimbursement agreement advisable.</p>	<p>SOP/ESPP/RS/RSU: Yes.</p>	<p>SOP/ESPP/RS/RSU: Yes, the employer must pay social insurance contributions (uncapped). No social insurance contributions are payable by the employee.</p>	<p>See * at end of table. SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: No, but written disclaimer advisable.</p>	<p>SOP/ESPP/RS/RSU: Employees' written consent required prior to transfer of personal data.</p>
Switzerland	<p>SOP/ESPP: Taxation varies somewhat by canton. Options may be taxed on grant or vesting unless certain modifications are made and/or a tax ruling is obtained in each canton in which employees reside.³² ESPP likely to be taxed on spread at</p>	<p>SOP/ESPP/RS/RSU: Allowed if reimbursement pursuant to written agreement.</p>	<p>SOP/ESPP/RS/RSU: Sub has to report grant and exercise/purchase/ vesting (including income derived from plan) on employee's certificate of salary. Withholding required only for foreign employees with "B" permit and cross-border employees.</p>	<p>SOP/ESPP/RS/RSU: Yes, for both employee and employer, to the extent applicable contribution ceiling has not already been reached. Employer must withhold employee's contribution.</p>	<p>SOP/ESPP: None, provided option/purchase rights are granted only to employees and stock not listed on Swiss exchange. RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally not, but written disclaimer recommended.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees prior to the transfer of data to the parent or a third party administrator is recommended. Issue internal guidelines to employees advising them of their rights and expressing the company's commitment to the</p>

³² According to a recent Federal Circular Letter, options may be taxed at exercise provided certain conditions are met. However, since largest portion of tax is cantonal tax (and not federal tax), it currently is recommended to apply for ruling in each canton in which employees reside and/or modify terms of option according to each respective canton's tax practice. Draft legislation is pending pursuant to which employees can elect to be taxed at vesting or exercise, but this is not likely to be adopted until 2007.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
	<p>purchase.</p> <p>RS/RSU: Generally, tax at grant for RS; tax at vesting for RSU. May vary by canton (in French speaking cantons, may be advisable to obtain tax ruling to confirm taxable event). Taxable amount is fair market value of the shares on the tax event. For RS, employee may be able to reduce taxable amount to take into account restrictions placed on shares.</p> <p>Sale: No tax on the sale of shares.</p> <p>Other Tax: Wealth tax may apply to shares purchased/granted pursuant to the plan.</p>							<p>protection of personal information. Recommended to execute agreement with third-party administrator that includes language requiring data protection.</p>

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Taiwan ³³	<p>SOP/ESPP: Tax on spread at exercise/purchase.</p> <p>RS/RSU: Tax at grant for RS; tax likely at issuance of shares for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: No tax on sale.</p> <p>Alternative Minimum Tax: An AMT regime became effective January 1, 2006. Capital gains from securities not listed in Taiwan must be included in regular taxable income when calculating AMT, starting from January 1, 2009.</p>	<p>SOP/ESPP/RS/RSU: Allowed if sub reimburses parent under a written reimbursement agreement and withholds or reports as required.</p>	<p>SOP/ESPP/S/RSU: No withholding regardless of reimbursement. Reporting required.</p> <p>RS/RSU: Withholding required if sub reimburses parent and claims a local deduction. Reporting likely required.³⁴</p>	<p>SOP/ESPP/RS/RSU: No.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally, not applicable.</p>	<p>SOP/ESPP/RS/RSU: Generally not, but written disclaimer recommended.³⁵</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended.</p>

³³ Banking law problems may arise in Taiwan under an ESPP if interest is paid on payroll deductions or if payroll deductions will be mixed with the local sub’s general funds.

³⁴ The withholding and reporting requirements in connection with RS/RSU are not clear under the new legislation applicable to SOP/ESPP.

³⁵ We recommend translating the plan or the employee communications into Chinese for employees not fluent in English.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Thailand	<p>SOP/ESPP: Tax on spread at exercise/purchase.³⁶</p> <p>RS/RSU: Tax at grant likely for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event (average trading price during preceding month).</p> <p>Sale: Tax on sale if proceeds are repatriated to Thailand in the same calendar year as the sale (which is generally required by exchange control regulations) and the employee is a Thai tax resident for that year.</p>	<p>SOP/ESPP/RS/RSU: Theoretically allowed if sub reimburses parent under a written reimbursement agreement approved by Board of Directors of Thai sub, but sub must comply with exchange control requirements.</p>	<p>SOP/ESPP/RS/RSU: No, unless sub reimburses parent.</p>	<p>SOP/ESPP/RS/RSU: No.</p>	<p>SOP/ESPP: Securities registration required if offered to more than 35 employees and for more than 20 million Baht in 12-month period. Notice filing required if 35 offerees or fewer or 20 million Baht or less. Cashless exercise does not avoid securities law requirements.</p> <p>RS/RSU: Likely none unless sub reimburses parent and payment is recorded as employee expense by local sub, in which case the requirements applicable to SOP/ESPP would apply.</p>	<p>SOP/ESPP/RS/RSU: Approval of Bank of Thailand required for sub to remit funds for reimbursement (unless, in the case of SOP/ESPP, funds are remitted at the same time as employee's funds to purchase shares, provided the employees' funds are within the limits described below). Cash-netting using book entries is prohibited.</p> <p>Application to a commercial bank/authorized agent is required prior to the remittance of payroll deductions under an ESPP or cash under SOP.³⁷ If cashless exercise is used for SOP, no application is required.</p> <p>Cash proceeds from the sale of shares and any dividends distributed in foreign currency abroad must be immediately repatriated and converted into Thai Baht within 15 days of receipt. Proceeds of US\$20,000 or more</p>	<p>SOP/ESPP/RS/RSU: Generally, no, but disclaimer recommended to reduce risk.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the collection, use and transfer of data abroad is recommended. The Thai government is finalizing a new data privacy law.</p>

³⁶ Spread is likely to be considered the difference between the exercise price and the average trading price of the shares during the month preceding exercise/purchase.

³⁷ Employees may remit up to US\$100,000 per year to purchase securities in foreign companies upon application to commercial bank authorized to engage in purchase, exchange and withdrawal of foreign currency.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
						<p>must be reported to an authorized agent.</p> <p>Employees are now permitted to participate in a dividend reinvestment program.</p>		
United Kingdom	<p>SOP/ESPP: Tax on spread at exercise/purchase.³⁸</p> <p>RS/RSU: Tax at vesting for RS so long as restrictions lapse within five years; otherwise tax at grant. Employer/employee joint election available for taxation of RS at grant. Tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: Tax on gain at sale, subject to annual exclusion and tapering relief.</p>	<p>SOP/ESPP/RS/RSU: Generally allowed. New legislation (affecting deductions taken on or after January 1, 2003) sets forth qualification criteria and limits deduction to employee's taxable benefit. Administrative costs charged to UK sub may be deducted only if a written reimbursement agreement has been executed.</p>	<p>SOP/ESPP/RS/RSU: Reporting required at grant and taxable event. Withholding required for non-tax-qualified schemes (for grants after November 26, 1996) and for approved options exercised under non-qualifying circumstances.</p>	<p>SOP/ESPP/RS/RSU: Yes, contributions due at taxable event for non-tax-qualified schemes and for approved options exercised under non-qualifying circumstances (for grants after April 5, 1999). No wage cap on employer contributions, currently 12.8%. Employee contribution is currently 11% up to upper earnings limit and 1% above upper earnings limit. Employer/employee joint election available to pass through employer contributions to employee.</p>	<p>See * at end of table.</p> <p>SOP/ESPP/RS/RSU: EU Prospectus Directive has been fully implemented.</p>	<p>SOP/ESPP/RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally no, if right to terminate is reserved in writing. New age discrimination legislation took effect October 1, 2006 pursuant to EU Directive. New maternity and adoption leave and pay legislation also took effect October 1, 2006.</p>	<p>SOP/ESPP/RS/RSU: Written consent for the transfer of data abroad is required. A data transfer (confidentiality) agreement between the parent and the sub and between the parent and its agents is recommended. Employers in the U.K. must register with the Data Protection Registrar to process personal data on computers and transfer data abroad.</p>

³⁸ Tax qualification is available for stock option plans (approved share scheme) and certain stock purchase arrangements (SAYE, SIP), resulting in tax deferral or exemption for employees up to a certain limit.

Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy

Note: Although every effort has been made to provide an accurate and up-to-date summary, foreign laws applicable to stock plans change frequently and are often unclear in their application to U.S. plans. Also, specific plan features, structure of legal entities, types of shares used, specific tax rulings obtained, etc. may affect particular legal and tax results. Specifically, depending on the terms of the grant, the tax/legal consequences can vary greatly (e.g., voting rights and/or dividend equivalent payments may accelerate taxable event and RSU paid out in cash may vary tax and legal treatment). Accordingly, reliance on this chart for specific issues in countries by any particular company for its plan(s) is not advised.

- * The EU Prospectus Directive (the “Directive”) took full effect on July 1, 2005 and impacts securities filing requirements in all EU member states and European Economic Area (“EEA”) countries. However not all of these countries have implemented the Directive into local law; further, the interpretation of the Directive by these countries has not been always been consistent. In general, an EU-compliant prospectus will be required for an offering to 100 persons or more in any EU or EEA member state unless another exemption applies, but it then should be possible to use this prospectus in the other EU or EEA member states. The home member state where the prospectus is filed is very important and may be determined by offerings prior to July 1, 2005. This chart does not provide detailed information regarding the local law interpretations of the Directive, as much uncertainty remains.
- ** The EU Council Directive 2000/78/EC covers age discrimination and requires member states to be in compliance by December 2, 2006. As several countries adopt local rules implementing this Directive, it is becoming clear that this will impact design of equity plans in the EU, particularly provisions with age or age and service provisions which give different treatment (e.g., accelerated vesting) for those meeting the criteria than those who do not. We have not attempted to provide in this chart an analysis of these changes, but have noted in a few cases the enactment of local legislation.