

International Taxation Starter Chart

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Tax considerations when offering Equity Benefits to non-US employees and the related Employer and Employee taxation compliance issues.

Country	Employee Taxation									Employer Taxation						Notes		
	Income Reporting Requirements	Income Tax Withholding for Employee	Rate of Tax (1)	Flat rate (1)	Min rate	Max rate	Social Insur & Other Tax W/H for Employee	Rate of Social Tax (3)	Social Tax Rate	Taxation Req'mts for Employer	Employer's Social Insur Liability	Employer tax approx %	Securities Issues	Currency & Exchg Issues	Country Filings: Non-Qualified Plans		Labor Laws	Data Privacy Laws
Asia Pacific																		
Australia	X						X			X			X	X	?		X	Pending legislation which will significantly alter tax treatment for equity awards; expected to pass in the Fall of 2009.
China	X	X	M		5%	45%							X	X	X	X	X	Securities controls are not favorable for residents to hold shares; equity transactions are typically set up to "sell all" to cover tax withholdings.
Hong Kong	X		0														X	
India	X	X	M		0%	31%								X			X	FBT regime abolished 4/1/09. Rate for all types of equity.
Indonesia	X	X ⁽⁴⁾	M ⁽⁴⁾		5% ⁽⁴⁾	35% ⁽⁴⁾	X	F	2%	X ⁽⁴⁾	X ⁽⁴⁾	3.7%	X	X	?		X	Registration required if shares/options of IDR 1 billion or more; offered to more than 100 people worldwide or purchased by more than 50 people worldwide.
Japan	X	X ⁽⁴⁾	M ⁽⁴⁾		5% ⁽⁴⁾	40% ⁽⁴⁾							X	X	?		X	Securities filing requirement depends on size of offering and whether the sub is a wholly-owned sub of the issuer.
Korea	X ⁽⁴⁾	X ⁽⁴⁾	M ⁽⁴⁾		6% ⁽⁴⁾	35% ⁽⁴⁾	X							X			X	Tax reporting and withholding if sub reimburses parent. Social insurance withholding required.
Malaysia	X	X	M		0%	28%							X		X			Currently no data privacy restrictions, however Personal Data Protection Act expected to be enacted Oct. 2009.
New Zealand													X				X	Exemption from securities filing generally available if issuer complies with exemption requirements.
Philippines	X	X ⁽⁴⁾	M ⁽⁴⁾		5%	32%	X	V	?		X ⁽⁴⁾		X		X		X	Exchange control approval required only if annual investment exceed US 30 million.
Singapore																	X	Securities laws provide an exemption for offerings to less than 50 employees or valued at less than SGD 5 million in a 12-month period.
Taiwan	X																X	Withholding may be required for RS/RSU's if sub reimburses parent.
Thailand	X	X ⁽⁴⁾	M ⁽⁴⁾		0% ⁽⁴⁾	37% ⁽⁴⁾								X			X	Prior securities approval no longer required, but securities sales report must be filed with Thai SEC.
Vietnam	X	X	M		5%	40%	X	F	6%	X	X	15.0%	?	X	?	?	?	

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Europe																		
Austria	X	X	M		0%	50%	X			X	X		X	X	?	X	X	Austria has implemented the EU directive.
Belgium	X	x ⁽⁴⁾	M		25% ⁽⁴⁾	50% ⁽⁴⁾	X			X ⁽⁴⁾	X ⁽⁴⁾		X		?	X	X	EU Prospective Directive has been implemented in Belgium.
Denmark	X						X						X	X	?	X	X	EU Prospective Directive has been fully implemented, in addition to Danish law securities requirements.
Finland	X	X	M		0.00%	53.0%	X	F		X	X		X		?	X	X	Deduction available if sub reimburses parent.
France	X		0				X	F	2.5% ⁽⁵⁾	X	X	10.0%	X	X	?	X	X	Employer required to pay social tax at flat rate of 10% on options, awards granted on or after 10/16/07 under qualified plans. If no qualified plan, rates are much higher.
Germany	X	X	M		14%	45%	X	?	?	X	X		X	X	?	X	X	EU Prospectus Directive implemented, however, Germany does not consider RSU's to be subject to the directive; ceiling exists for social insurance.
Ireland	X		0										X		?	X	X	Exchange controls: statistical reporting may be required.
Italy	X	X	M		23%	43%	X	C	9.19%	X	X	23.81% to cap and 3% uncapped	X	X	?	X	X	Withholding & social insurance for all new option grants and any options exercised on or after 6/25/08; income tax exemption for first EUR 2,065.
Netherlands	X	X			2.50%	52%	X			X			X	X	X	X	X	Corporate tax deduction for equity compensation was eliminated January 1, 2007.
Norway	X	X			28%		X	F	7.7% uncapped	X	X	14.1% uncapped	X		?	X	X	EU Prospectus Directive has been fully implemented.
Portugal	X						X ⁽⁴⁾			X ⁽⁴⁾	X ⁽⁴⁾		X	X	?	X	X	Exchange controls: statistical reporting may be required.
Slovak Republic	X	X	F	19%			X			X	X		X	X	?		X	If income is classified as remuneration for employee's work, employer is required to pay social insurance.
Spain	X	X			24%	43.00%	X			X	X		X	X		X	X	Monthly ceiling for social insurance deduction.
Sweden	X	X	M		31.00%	57.00%				X	X		X				X	Employee doesn't pay social insurance tax; employer social insurance contribution uncapped.
Switzerland	X	X			*		X	C	5.05% - 7.05%	X	X	6.55% - 8.55%					X	*Tax withholding required only for certain foreign & cross border employees. Social insurance withholding required.
UK	X	X	M		10%	40%	X	F	11.0%	X	X	12.8%	X		?	X	X	Reporting required at grant and at taxable event.



FRS Equity Strategies

A Consulting, Outsourcing, and Educational Institute for Equity Compensation

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Rest of the World																		
Argentina	X	X	M		9%	35%	X			X	X			X	?	X	X	No securities restrictions if private placement procedures are followed.
Brazil														X	X	X	X	Employer may be required to pay social insurance if benefits are granted on a regular basis or if vesting is related to performance.
Canada	X	X	M		15%	29%	X	C	6.68%	X			X		?	X	X	A qualified plan may allow for taxation of only 50% of the spread at exercise; securities restrictions and exemptions vary by province.
Chile	X ⁽⁴⁾	X ⁽⁴⁾					X ⁽⁴⁾			X ⁽⁴⁾	X ⁽⁴⁾			X	?	X	X	Withholding if recharge
Colombia	X ⁽⁴⁾	X ⁽⁴⁾	M		0%	33%	X ⁽⁴⁾			X ⁽⁴⁾	X ⁽⁴⁾		X	X	?	X	X	No social insurance if agree that benefits are not part of salary. Withholding if recharge.
Israel	X	X	M		10%	46%	X			X	X		X		?		X	Withholding, reporting and social taxes required on non-trustee plans.
Mexico	X ⁽⁴⁾	X ⁽⁴⁾	M		0%	28%	X ⁽⁴⁾			X ⁽⁴⁾	X ⁽⁴⁾				?	X	X	Reporting, withholding & social ins only if sub reimburses parent

- (1) F=Flat rate, M=Minimum/Maximum rates, 0=no tax w/h req'd
- (2) See FRS for additional data and informational sources.
- (3) F=flat minimum rate, C=cap on insurance amount, V=variable rate
- (4) Qualifier - tax withholding requirements only if sub reimburses the parent, or other qualifier in place
- (5) 2.5% social tax on income from option exercise or vesting of shares is **payable in year of sale**.