



Global Reward Update

Notable Year-End Stock Plan Reporting Requirements





Key Points to Know

In addition to the various payroll and informational reporting obligations issuers may face domestically, a globally operated share plan can result in additional, unique year-end compliance items.





Provided here is a sample set of year-end equity-specific reporting obligations, in a few common locations.

- Australia
- France
- Hong Kong
- Ireland
- Japan
- Portugal
- Singapore
- Switzerland
- Taiwan
- United Kingdom
- United States

Australia

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|  | <p>Required forms at year-end:</p> <ol style="list-style-type: none">1. Employee Share Scheme (ESS) Statements to individual participants2. ESS annual report to Australian Tax Office (ATO)3. Annual reconciliation of monthly state payroll tax filing |
|  | <p>Form deadlines (following the end of the year of the taxable event):</p> <ul style="list-style-type: none">• July 14: ESS Statements to individuals• July 21: annual reconciliation of monthly state payroll tax• August 14: ESS annual report |
|  | <p>Typical timeframe to start process:</p> <ul style="list-style-type: none">• Recommend attention throughout the year, given the short time to prepare filings following the tax year end (June 30)• Complete info should be collected by July 1 |
|  | <p>Additional information:</p> <ul style="list-style-type: none">• The ATO has updated the ESS Statement and annual report forms starting from the 2015/2016 tax year to require, for example, additional employment details of the participant and award grant dates.• As part of the ATO's modernization program, the ATO will no longer accept paper submissions of the filing for 2015/16 onwards. Instead, the following two alternatives will be available:<ul style="list-style-type: none">• A new "Online ESS" webpage-based portal will be available for providers reporting for 50 or fewer individuals and with an Australian Business Number (ABN); or• Online filing in accordance with the ATO's updated software specifications (version 2.0.0). <p>The paper-based filing and bulk load spreadsheet will only remain available for the amendment of 2014/15 or earlier ESS annual reports.</p> <ul style="list-style-type: none">• With regard to ESS payroll tax reporting, we have noticed an increase in ESS payroll tax audit activity where the respective State Revenue Authorities are working in tandem with the ATO to utilize data-matching in respect of ESS interests provided to employees. |





France

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|  | <p>Required forms at year-end:</p> <ol style="list-style-type: none">1. Individual Statements2. DADS Annual Statement (if the company has not yet transitioned to monthly reporting through DSN for all grant and vesting/exercise of awards that occurred in 2016) |
|  | <p>Form deadlines:</p> <ul style="list-style-type: none">• January 31: DADS must be submitted to tax authorities by January 31 following the end of the tax year. As from January 1, 2017, the DSN shall also be filed at the latest by the 5, if the social security charges are monthly paid at this date, or the 15, in the other cases, of the month following the payment of the social security charges• March 1: Individual statements must be provided to the employee as well as the tax authorities by March 1 following the end of the tax year |
|  | <p>Timeframe to start process:</p> <ul style="list-style-type: none">• January 1: Details for the filing should be collected |
|  | <p>Additional information:</p> <ul style="list-style-type: none">• Previously, information regarding grants/vesting were reported on the year end salary report (DADS) which was due by January 31 of the year following the year in which the income was recognized. In 2016, France replaced the DADS Annual Statement with the DSN monthly payroll reporting.• However, in order to ensure the completeness of data collection and secure any employees' rights, a last DADS form should be filed in 2017. |





Hong Kong

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|  | Required forms at year-end: 1. Annual Employer's Return (Form IR56B) |
|  | Form deadlines: <ul style="list-style-type: none">April 30: Form IR56B is normally issued by the Internal Revenue Department (IRD) to companies on April 1 and is due by April 30 following the end of the tax year. The Hong Kong tax year runs from April 1 to March 31. |
|  | Timeframe to start process: <ul style="list-style-type: none">April 1: Details for the filing should be collected |
|  | Additional information: <ul style="list-style-type: none">The reporting of share plan income should be done along with other employment income in the employer's returns. With respect to the reporting of share plan income, the following is required:<ul style="list-style-type: none">Grant date, vesting date, exercise/purchase date, delivery date (if different from vesting date), number of units, share price on vesting/acquisition date, price paid to acquire the shares |





Ireland

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|  | Required forms at year-end: 1. Form RSS1 |
|  | Form deadlines: <ul style="list-style-type: none">March 31: Form RSS1 must be submitted to Irish Revenue by March 31 following the end of the tax year in which stock option grants and/or exercises occur. |
|  | Timeframe to start process: <ul style="list-style-type: none">February 27: Details for the filing should be collected |
|  | Additional information: <ul style="list-style-type: none">From 2012, transactions reported on Form RSS1 are:<ul style="list-style-type: none">Stock option grants and exercises, including stock options granted and/or exercised under ESPPs, which are taxed as options in Ireland; andAssignments and releases of stock options where consideration is given for the assignment/release |





Japan

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|  | Required forms at year-end: 1. Annual statement (Form 9(3)) |
|  | Form deadlines: <ul style="list-style-type: none">March 31: Form 9(3) is due by March 31 following the end of the tax year |
|  | Timeframe to start process: <ul style="list-style-type: none">March 1: Details for the filing should be collected |
|  | Additional information: <p>New for 2016 reporting – expansion in categories of individuals subject to the reporting requirements to include the following:</p> <ul style="list-style-type: none">Residents who were employees or directors of a Japanese subsidiary/ branch but have been terminated.Non-residents who are employees or directors of a Japanese subsidiary/ branch and receive Japanese sourced incomeNon-residents who were employees or director of a Japanese subsidiary/ branch but have been terminated and receive Japanese income. <p>Companies will need to assess their mobile population and previous employees records and report accordingly.</p> <p>In addition, with the recent introduction of the new social security and tax number system in Japan (also known as the 'My Number system'), the individual's tax ID number ('My Number') will need to be shown on the reporting form.</p> |





Portugal

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|  | Required forms at year-end: <ol style="list-style-type: none">1. Form 'Modelo 19' |
|  | Form deadlines: <ul style="list-style-type: none">• June 30: Form 'Modelo 19' should be submitted by June 30 following the end of the tax year |
|  | Timeframe to start process: <ul style="list-style-type: none">• June 1: Details for the filing should be collected |
|  | Additional information: <ul style="list-style-type: none">• The Portuguese entity will be required to inform the tax authorities of the share plans available to its employees and of other facts that could be used in order to determine whether a taxable event has occurred.• If the Portuguese entity bears the costs associated with share plan awards, this entity is also required to keep records and report to the tax authorities any income generated from awards, vesting, exercise or termination, as well as the relevant dates. |





Singapore

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|  | Required forms at year-end: <ol style="list-style-type: none">1. Return of Employee's Remuneration [Form IR8A / Form IR8E (electronic transmission under Auto Inclusion Scheme)]2. Appendix 8B of Form IR8A / Form IR8E (only required if the employee has realized equity income during the year) |
|  | Form deadlines: <ul style="list-style-type: none">• March 1: Form IR8A / Form IR8E and Appendix 8B (if required) |
|  | Timeframe to start process: <ul style="list-style-type: none">• January 15: Form IR8A / Form IR8E and Appendix 8B information needed if only preparing employer filings |
|  | Additional information: <ul style="list-style-type: none">• The employer is required to report the taxable gains derived from the exercise of stock options or vesting of RSUs or ESPPs on the Form IR8A / Form IR8E and Appendix 8B. |





Switzerland

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|  | Required forms at year-end: 1. Official salary certificate incl. Appendix |
|  | Form deadlines: <ul style="list-style-type: none">• Before March 15 (advisable due dates): There is no deadline for the employer with respect to providing an annual salary certificate to the employee. However, it is necessary for the employee to file the salary certificate and all annexes together with the employee's tax return and therefore it is advisable to complete the statement before March 15 |
|  | Timeframe to start process: <ul style="list-style-type: none">• January 1: Details for the filing should be collected |
|  | Additional information: <ul style="list-style-type: none">• The local entity must indicate in the official salary certificate that shares or options have been granted to employees and provide specific details about the grant in an annex to the salary statement.• In addition, the company must indicate in the official salary certificate, the taxable income arising from shares or options in the year taxation occurs (i.e. at grant, vesting or exercise) and provide specific details about the instruments, the amounts and relevant periods in an annex to the salary certificate.). |





Taiwan

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|  | Required forms at year-end: 1. Non-Withholding Tax Statement |
|  | Form deadlines: <ul style="list-style-type: none">• January 31: Non-Withholding Tax Statement must be submitted to the tax authorities by January 31 following the end of the tax year• February 10: Non-Withholding Tax Statement must be sent to employees by February 10 following the end of the tax year |
|  | Timeframe to start process: <ul style="list-style-type: none">• January 1: Details for the filing should be collected |
|  | Additional information: <ul style="list-style-type: none">• The local entity must include details of the taxable value of the equity awards at distribution/exercise, but exclude dividends received after the employee receives the shares. |

United Kingdom

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|  | <p>Required forms at year-end:</p> <ol style="list-style-type: none"> 1. Employment related securities (ERS) return (previously Form 42) 2. Sharesave or Save as you Earn plan (SAYE) return (previously form 34) 3. Company share option plan (CSOP) return (previously Form 35) 4. Share Incentive Plan (SIP) return (previously form 39) 5. Enterprise Management Incentive plan (EMI) return (previously form 40) |
|  | <p>Form deadlines:</p> <ul style="list-style-type: none"> • July 6: All returns are due within 92 days after the end of the tax year in which the reportable event occurred (i.e., by July 6) |
|  | <p>Timeframe to start process:</p> <ul style="list-style-type: none"> • Early-mid April: Details for the filings should be collected |
|  | <p>Additional information:</p> <ul style="list-style-type: none"> • Share plans must be registered with HMRC via the PAYE online service in advance of the submission deadline for the returns. |

United States

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|  | <p>Required forms at year-end:</p> <ol style="list-style-type: none"> 1. Form 3921 (Exercise of an Incentive Stock Option Under Section 422(b)) 2. Form 3922 (Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)) |
|  | <p>Form deadlines:</p> <ul style="list-style-type: none"> • January 31: Copy B of Forms 3921 and 3922 due to employees by January 31 of the year following the year of exercise/transfer • February 28/March 31: Copy A of Forms 3921 and 3922 due to IRS by February 28th of the year following the year of exercise/transfer; if filed electronically, the due date is March 31 of the year following the year of exercise/transfer |
|  | <p>Timeframe to start process:</p> <ul style="list-style-type: none"> • January 1: Details for the filing should be collected |
|  | <p>Additional information:</p> <ul style="list-style-type: none"> • Note the requirement to issue a 3921 or 3922 at the time of share transfer, even if sale has not yet occurred. |



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