

# Risk. Talent. Rewards – Global Share Plans

## Service overview

As companies continue to extend their reach around the globe, so the offering of equity-based incentives increasingly extends to staff in all locations. The numerous considerations when designing, implementing and communicating a global share plan can make the introduction of a global share plan seem a daunting task. These include dealing with the different tax, accounting, cultural, corporate governance and human resource issues in each country. We help companies understand these issues and maximise the benefits of their international share plan arrangements

## Relevance to you

The design of a global share plan is the key to its success – it must be attractive to the company's stakeholders whether they are potential participants or the company's shareholders. It must fit with the broader HR, strategic and financial objectives of the business while meeting the unique regulations of the countries in which it operates. We offer an integrated service making use of our worldwide network of experienced professionals and provide a comprehensive and pragmatic approach to ensure that companies and their employees obtain maximum value and efficiency from their global plans. Companies already operating a global share plan can make use of our tried and tested tax planning strategies to modify plans to take advantage of local rules, which may lead to new financial benefits for the company and employees.

## Approach

We have developed proven strategies and planning methods which can:

- Increase employee understanding and participation through effective communication.
- Minimise the employer and employee tax and social security burdens.
- Improve cash flow through increased or earlier tax deductions.
- Minimise non-compliance penalties.
- Ensure smooth administration.

### Stage 1 – Design

- Innovative solutions to meet the commercial need.
- Practicalities and effectiveness.
- Support for and barriers against.
- Tax, legal, accounting and administrative impact.
- Communication issues.

### Stage 2 – Due diligence

- Ascertain the feasibility of implementing the share plan in all countries.
- Review of regulatory, administration and withholding requirements.
- Review of corporate tax and social security positions for employing and parent company.
- Review of income tax, social security and capital gains tax implications for individuals.

### Stage 3 – Drafting plan rules

- Draft a term sheet containing a summary of the final detailed design of the plan.
- After agreement of the term sheet, draft plan rules and ancillary documents.
- Where required, prepare recharge arrangements, shareholders circulars, board Minutes for plan adoption.
- Liaise with plan administrators where required.

### Stage 4 – Addressing the tax, regulatory and legal issues

- Produce country specific summaries providing a detailed analysis of the tax, legal and regulatory implications for the relevant countries.
- If required liaise with local co-ordinators to ensure that they understand the process and technical consequences of the plan.
- Provide assistance to obtain security clearances, exchange control clearance and/or taxation clearance to ensure compliance with regulatory requirements of relevant countries.

### Stage 5 – Drafting and implementing effective employee communication

- Make recommendations on the design, strategy and timing of employee communications, ensuring that cultural differences are taken into account, and ensure an effective rollout across each relevant country.
- Draft or review communication documentation.

## Example benefits

- A tailored plan which meets the needs of the company, taking into account the markets they operate in, the culture and the existing remuneration framework.
- Provision of specialist advice on employer and employee tax accounting, legal issues, financing issues and commercial fit and experience.
- Ensuring that the technical aspects of the plan do not derail the commercial imperatives.
- Providing one central point of contact while drawing on expertise from around the globe.
- A suite of innovate tools and solutions to support the process.

### GlobalAdvantage™ Equity

GlobalAdvantage™ Equity is an on-line research tool providing summaries of the tax, social security, withholding, reporting and legal issues associated with equity based compensation plans in over 50 jurisdictions across the globe. For each country it provides up to date and straightforward information in the following key areas:

- Employee taxation – tax and social security obligations associated with participating in a wide range of equity plans.
- Corporate tax position –the availability of a corporate tax deduction for the costs of operating a global equity plan.
- Legal issues – securities law registration requirements, foreign exchange restrictions, labour law considerations and company law issues.
- Payment and reporting of tax – employer and employee obligations.

### Global Reward Updates

Global Reward Updates supplement GlobalAdvantage™ Equity by delivering analysis on breaking news and developments impacting global share plans as soon as they happen.

### GlobalAdvantage™ Equity Awards

When an option is exercised or an award vests, it is important from an employer's perspective to understand any withholding tax obligations. GlobalAdvantage™ Equity Awards calculates defensible tax and social security withholdings in multiple jurisdictions.



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