TAX TREATMENT OF STOCK OPTIONS

NORWAY

	EMPLOYEE	EMPLOYER
GRANT DATE	No tax consequences.	No corporate tax consequences.
VESTING DATE	The net value of the stock option may also be subject to annual wealth tax from the point that the option vests until it is exercised or lapses.	No corporate tax consequences.
EXERCISE DATE	The spread on exercise will be treated as employment income and subject to both tax and social security.	The employer has a withholding obligation for the employee's tax and social security and will also be liable for employer social security liability.
WITHHOLDING & PAYMENT OF TAX	The employer has a withholding obligation for both tax and social security.	The employer has a monthly withholding obligation for both tax and social security.
SOCIAL SECURITY	Employee social security will be due on the spread at exercise and is uncapped.	Employer social security will be due on the spread at exercise and is uncapped.
REPORTING	The exercise and any gain on the sale of stocks must be reported on the individual's annual tax return. Annual tax returns must be submitted by 30 April each year.	Employers are required to report all employee stock option activity to the tax authorities on an annual basis.
SALE OF SHARES	Any gain on the sale of the shares will be subject to capital gains tax. The sale of shares is reported and capital gains tax reported through the individual's annual tax return.	No corporate tax consequences.
IS A CORPORATION TAX DEDUCTION AVAILABLE?	A corporation tax deduction is more likely to be available if there is a written recharge arrangement in place between the parent company and the Norwegian subsidiary. Provided that required conditions are met, the employing company will generally be able to claim a deduction equivalent to the company cost.	

For further information and to register for future updates contact:

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This summary has been prepared on the basis that employees are resident in Norway throughout the period from grant of stock options until the shares are sold and that the employee is employed by a local employer in Norway, which is a subsidiary of an overseas parent. The potential tax consequences may vary greatly depending on your company's equity plan's design, administration, as well as many other factors.

Should you have a need for a trusted advisor in this area, please contact BDO's Global Equity team.

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	EMPLOYEE	EMPLOYER
"QUALIFYING" PLANS AVAILABLE?	There are no specific stock option plans that provide beneficial tax treatment. However a small tax benefit may be obtained if stock options are granted to all employees on the same terms. Where the conditions are met, the taxable benefit on acquisition can be reduced by 20% but is limited to a maximum of NOK1,500 per employee. In practice the use of these plans is not widespread due to the limited tax benefits.	
INTERNATIONALLY MOBILE EMPLOYEES	The above summary has been prepared on the basis that employees are resident in Norway throughout the period from grant of the stock option until the shares are sold. The rules for internationally mobile employees are complex and there are specific sourcing rules applicable to individuals arriving in or leaving Norway whilst holding stock options. Norway broadly sources equity income based on the individual's residence status and time spent during vesting. The tax position for employees will be dependant on the employee's personal circumstances, employment contract status and period of residence in Norway. An exit charge may potentially be applied for employees holding high value stock options. It is highly recommended that advice is sought on an individual case by case basis.	
OTHER POINTS FOR CONSIDERATION	This summary is provided by BDO for informational purposes only to provide an outline of the general tax and social security position based on current tax law. There are also a number of legal and regulatory issues to consider on the implementation of any employee equity plan including, but not limited to, employee entitlement claims, exchange controls, securities restrictions, prospectus requirements and data protection regulations. We recommend that legal advice is obtained prior to the implementation of any employee equity plan. As an example companies with more than 50 employees may be required to consult employee representatives on any stock option plans to the extent they affect employment agreements.	

KEY ACTION POINTS

- ✓ Employers are responsible for the withholding of tax and social security on the exercise of employee stock options. Companies should review their systems to ensure that they are sufficiently robust to be able to capture, process and report stock option exercises through the payroll.
- ✓ There are specific rules applicable for Internationally Mobile Employees holding equity in Norway. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Norway whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.