TAX TREATMENT OF STOCK OPTIONS

IRELAND

	EMPLOYEE	EMPLOYER
GRANT DATE	No tax charge on the grant of share options provided that: • The exercise period is less than 7 years, or • The exercise period is greater than 7 years but the option price is set at market value at the date of grant. If the option is capable of being exercised in a period exceeding seven years after the date of grant, income tax may be charged at the date of grant.	No tax consequences.
EXERCISE DATE	Income tax, Universal Social Charge and social security arises on the spread at exercise.	No tax consequences.
WITHHOLDING & PAYMENT OF TAX	The individual exercising the options is solely responsible for paying the income tax liability within 30 days of exercise via a special return.	There is no withholding obligation for tax but the employer is required to collect and remit the employee social security liability.
SOCIAL SECURITY	Employee's social security is due and is subject to withholding by the employer.	Employer's social security is not applicable.
REPORTING	The employee is required to file a Form RTS01 in relation to the exercise. This must be filed within 30 days of the date of exercise of the options. A payment of Relevant Tax on Share Options (RTSO) is payable at the higher rate of income tax and must accompany the submission of the Form RTSO1. A payment of the USC is also payable on submission of the Form RTSO1. The employee is obliged to file an income tax return for the year in which the stock options were exercised. The due date for submission of the income tax return is on or before 31 October of the following year.	The employer is obliged to report to the Revenue Commissioners any stock options that were granted or exercised by employees in a tax year. These details are to be reported on a Form RSS1. The Form RSS1 is due for submission on or before 31 March in the tax year following the year in which the share option was granted.

For further information and to register for future updates contact:

globalequity@bdo.com

This summary has been prepared on the basis that employees are resident in Ireland throughout the period from grant of stock options until the shares are sold and that the employee is employed by a local employer in Ireland, 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.

This information is current as of August 2016.

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HB008470

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	EMPLOYEE	EMPLOYER
SALE OF SHARES	Any gain on sale is subject to capital gains tax. The amount of the gain is equal to the difference between the market value of the shares on disposal and the market value of the shares on exercise. If the shares acquired on exercise of the share options are sold immediately then no CGT liability should arise. shares acquired on exercise of the share options, are immediately sold, then no CGT liability should arise. Please note that income tax would still arise on the exercise of the shares, as discussed under the "Exercise Date" section previously.	No tax consequences.
IS A CORPORATION TAX DEDUCTION AVAILABLE?	The set up and administration costs of the scheme should be allowed for corporation tax purposes. In certain circumstances, the company will receive a corporate tax deduction where employees receive share options in a parent company but only at the time the employee exercises the options and if a recharge arrangement is in place.	
"QUALIFYING" PLANS AVAILABLE?	None available.	
INTERNATIONALLY MOBILE EMPLOYEES	The above summary has been prepared on the basis that employees are resident in Ireland throughout the period from grant of the stock option until the shares are sold. The rules for internationally mobile employees are complex and would require review of the specific circumstances. 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.	

KEY ACTION POINTS

- ✓ Employers are responsible for the withholding of 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 Ireland. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Ireland whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.