TAX TREATMENT OF RESTRICTED STOCK & RSUS

IRELAND

	EMPLOYEE	EMPLOYER
GRANT DATE	Restricted Stock: Taxed on grant. The taxable amount is the difference between the market value of the shares and the price the participant should pay (if any) at the date of grant (or the amount in cash equal to market value). Restricted Stock Units (RSUs): No tax consequences.	No tax consequences.
VESTING DATE	Restricted Stock: No tax consequences. RSUS: The taxable amount is the difference between the market value of the shares at vesting and the price the participant paid on award (if anything).	No tax consequences.
WITHHOLDING & PAYMENT OF TAX	The employee's income tax liability is subject to withholding by the employer when the taxable event occurs.	The employer has a withholding obligation for both tax and social security.
SOCIAL SECURITY	Employee's social security is due and subject to withholding by the employer.	Employer social security is not applicable. The employer is required to collect and remit the employee social security liability via payroll withholding.
REPORTING	As the employee's income tax liability is subject to withholding, the employee is not obliged to submit an annual income tax return relating to the year in which the restricted stock and RSUs vest. Any employee taxes not deducted in a particular pay period may be collected over the remaining pay periods for the tax year. All taxes must be recouped from the employee by no later than 31 March of the following tax year otherwise the employee would be treated as receiving another benefit (i.e. loan) which has additional tax consequences.	The employer is obliged to report to the Revenue Commissioners any restricted stock and RSUs provided to the employees. The employer must also report details on a Form RSS1. The Form RSS1 for the year ending 31 December is due for submission by 31 March.

For further information and to register for future updates contact:

globalequity@bdo.com

Defined terms used in this summary:

Restricted Stock - Issued shares transferred to employees on the date of grant which are typically subject to restrictions on sale or forfeiture for example if performance targets are not met.

Restricted Stock Units – Awards where employees receive a right to acquire shares. Shares are only issued following vesting and attainment of performance targets, if applicable.

This summary has been prepared on the basis that employees are resident in Ireland throughout the period from grant of stock awards 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.

www.bdo.global

HB008470

BDO

TAX TREATMENT OF RESTRICTED STOCK & RSUS

IRELAND

	EMPLOYEE	EMPLOYER
SALE OF SHARES	Any gain on sale is subject to capital gains tax. Restricted Stock: The taxable gain is equal to the difference between the market value of the shares on disposal and the market value of the shares at date of grant less any amount paid. RSUs: The amount of the taxable gain is equal to the difference between the market value of the shares on disposal and the market value of the shares on vesting.	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 shares are taxable 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 tax and social security on the employee equity awards. Companies should review their systems to ensure that they are sufficiently robust to be able to capture, process and report Restricted Stock grants and RSU vests 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.