TAX TREATMENT OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS

AUSTRIA

	EMPLOYEE	EMPLOYER
GRANT DATE	Restricted stock: Generally taxed on grant if ownership rights are present. 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: Taxed on vest. The taxable amount is the difference between the market value of the shares at vesting and the price the participant paid on award (if any).	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.	Where income tax is payable it must be withheld and remitted to the tax authorities with the regular tax payments.
SOCIAL SECURITY	Social security contributions are required to be made when the shares are transferred to the employee. The employer is required to withhold the employee's portion up to a certain threshold.	Employee social taxes must be withheld and must be remitted to the social security authorities together with the employer's social taxes with the regular payments.
REPORTING	The employee does not need to report income from restricted stock or restricted stock units on their personal annual tax return if tax has been withheld.	The employer must report certain information annually regarding restricted shares and restricted stock units granted to executives of the company in the notes of the financial statements.

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 Austria throughout the period from grant of stock awards until the shares are sold and that the employee is employed by a local employer in Austria, 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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TAX TREATMENT OF RESTRICTED STOCK & RSUS

AUSTRIA

	EMPLOYEE	EMPLOYER
SALE OF SHARES	Shares acquired on or after April 1, 2012 are subject to tax at sale irrespective of any holding period or percentage of shareholding.	No tax consequences.
IS A CORPORATION TAX DEDUCTION AVAILABLE?	If the subsidiary reimburses the cost of the stock plan benefits to the parent company pursuant to an inter-company recharge agreement, it should be able to deduct the cost.	
"QUALIFYING" PLANS AVAILABLE?	If certain conditions are met, benefits deriving from restricted stocks or restricted stock units may be not taxable up to a certain amount per year.	
INTERNATIONALLY MOBILE EMPLOYEES	The above summary has been prepared on the basis that employees are resident in Austria throughout the period from the grant of the stock award until the shares are sold. The rules for internationally mobile employees are complex and there are specific rules applicable to non-resident individuals. Generally, Austria will have the right to tax the gain if there is a link between the shares which the employee has received and the work of the employee performed in Austria. Austria broadly sources equity income based on the period between award and vesting. 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 Austria. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Austria whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.