TAX TREATMENT OF RESTRICTED STOCK & RSUS

SWITZERLAND

	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. It is possible to reduce the taxable amount by a certain percentage for each year of restriction, subject to a maximum amount. 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, unless the employee is a foreigner with a permanent residence permit or a Swiss national. For these individuals, the employee must pay the income tax to the tax authorities by filing an annual tax return.	Where income tax withholding is required, it must be remitted to the tax authorities with the regular monthly tax payments.
SOCIAL SECURITY	The employee's liability to social security contributions is subject to withholding by the employer.	Employee social security contributions must be withheld and must be remitted to the social security authorities together with the employer's social security contributions.
REPORTING	The employee must report details of taxable income in the annual tax return. There may also be additional information reporting required in the tax return.	The employer must report details of the stock award income in the year-end salary statement for the year in which the taxable income arises and also has to confirm additional details in a separate report.

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 Switzerland throughout the period from grant of stock awards until the shares are sold and that the employee is employed by a local employer in Switzerland, 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

SWITZERLAND

	EMPLOYEE	EMPLOYER
SALE OF SHARES	No tax consequences.	No tax consequences.
IS A CORPORATION TAX DEDUCTION AVAILABLE?	A provision for the salary and social security costs in case of taxable income should be possible. Upon the grant of restricted stock or the vesting of RSUs, the costs are deductible personnel costs. A recharge for the costs of setting up and the administration of the plan is possible. A recharge agreement must be in place before the grant to recharge the costs.	
"QUALIFYING" PLANS AVAILABLE?	Not applicable.	
INTERNATIONALLY MOBILE EMPLOYEES	The above summary has been prepared on the basis that employees are resident in Switzerland 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, Switzerland is entitled to tax the gain if the employees spent working days in Switzerland during the vesting period, therefore Switzerland broadly sources equity income based on the period between grant 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. It may be possible to obtain a binding ruling on the tax treatment with the tax authorities where the employees are resident.	

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 Switzerland. We recommend that companies review their systems to ensure that Internationally Mobile Employees moving in or out of Switzerland whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.