



# WHITE PAPER

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## Employee Stock Plans: International Reporting Requirements

This *White Paper* highlights some of the principal annual or quarterly reporting requirements for employee stock plans that multinational companies most commonly encounter when offering these programs to their employees in selected jurisdictions worldwide. A chart summarizing these items appears at the end of this *White Paper*. Please note that this *White Paper* does not address routine, year-end tax reporting obligations nor does it cover filings that are required prior to grant for purposes of relying on a securities law-related exemption tied to the grant of an equity award.

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## AUSTRALIA

### Tax Reporting for Equity Awards

Employers are subject to annual tax reporting requirements with respect to all equity grants to employees who are subject to taxation in Australia. By July 14, 2023, employers must issue an Employee Share Scheme Statement to each employee who was granted an equity award or for which the taxing point occurred in the prior tax year (i.e., on or before June 30, 2023), and by August 14, 2023, the employer must file an Employee Share Scheme Annual Report with the Australian Taxation Office (“ATO”) using the requisite software program.



## BELGIUM

### Compensation Tax Reporting

Compensation paid by an affiliated foreign entity to a person providing services to, or benefiting, a Belgian subsidiary, which includes income earned from equity awards, must be reported to the Belgian tax authorities by March 1 of each year following the calendar year in which the compensation was paid or granted. Reports (*fiches 281*) must be filed with respect to compensation earned in the 2022 calendar year by March 1, 2023. For tax qualifying stock options, the grant is deemed to take place on the 60th day following the offer to the employee (if the employee expressly accepted the offer in writing within the 60-day period).



## CANADA

### Information Return for Non-Qualified Securities

Canadian subsidiaries with employees who have received stock options from a foreign issuer on or after July 1, 2021 must determine at grant whether such options are qualified or non-qualified under Canadian tax law. Employees who hold qualified stock options are eligible to take a 50% tax deduction upon exercise up to a C\$200,000 cap. Holders of non-qualified stock options are not entitled to take that deduction. If all or a portion of the stock options granted are designated as non-qualified securities, the Canadian employer of the optionholder must file a Form T2 Schedule 59 with its annual corporate tax return for the year in which the grants were made (in addition to notifying the recipients of the non-qualified nature of their

stock options within 30 days of grant). Due to a lack of clarity under the Canadian Income Tax Act as to whether other types of equity awards (e.g., restricted stock units (“RSUs”)) should be subject to this information return requirement (and the employee notification requirement), companies should consult their equity plan advisers to determine its applicability.



## CHINA

### Exchange Control Reports for Stock Options/Restricted Stock Units/Purchase Rights

For companies that have obtained State Administration of Foreign Exchange (“SAFE”) registration for their equity plans in China, quarterly reports must be filed with the local SAFE officials detailing the company’s equity plan activity (e.g., grants, exercises, share sales, and the balance of the designated foreign exchange account) during the previous quarter. The next report is due by January 4, 2023 (which is the third business day of the first quarter of the calendar year) for activity that occurred during the fourth quarter of 2022.

In addition, those companies that have obtained SAFE approval for their equity plans (and the plans have not since been terminated) and grant stock options or purchase rights must renew their foreign exchange quota for the 2023 calendar year. This renewal request should be made annually by the Chinese affiliate that is authorized by its parent company outside of China to act as its local agent with respect to SAFE-related matters. As a best practice, this renewal request should be filed by December 31, 2022 (although under current SAFE practice, a renewal request that is complete by March 31, 2023, is acceptable). Please note that, based on our consultation with SAFE branches in certain key cities, including Beijing, Shanghai, Shenzhen, and Tianjin, and in Guangdong and Jiangsu provinces, quota renewals are not required for companies that grant only awards that do not require the transfer of funds across borders (i.e., full value awards such as restricted stock or restricted stock units).



## DENMARK

### Annual Equity Award Tax Reporting

Annual tax reporting is required for stock option exercises and the vesting of RSUs. The tax reports are due by January 20 of

the year following the year in which the shares are acquired pursuant to a stock option exercise or RSU vesting.



### **Tax Reporting for French-Qualified Awards**

French affiliates of companies that grant stock options and/or RSUs to their employees in France that are tax-qualified under the French Commercial Code must fulfill certain tax reporting requirements to: (i) the social security office ("URSSAF"); (ii) the beneficiary; and (iii) the French tax authorities.

At the time of grant of the French tax-qualified stock options and/or RSUs, the French affiliate must report to URSSAF the name and address of each beneficiary and the number and value of the options and/or shares granted.

By March 1 of the year following the year in which an employee exercises their French tax-qualified stock options and/or vests in tax-qualified RSUs, the French affiliate must provide the employee with an individual statement that includes prescribed details of the French affiliate, the employee, and the options/RSUs granted and exercised or vested, as applicable, including the acquisition gain on exercise/vesting.

The French affiliate must also send a copy of this individual statement to the tax office where it files its corporate tax return before March 1 of the year following the year in which an employee exercises the stock options and/or vests in their tax-qualified RSUs.

In addition, French affiliates should also report details regarding the exercise of French tax-qualified stock options and the vesting of French-qualified RSUs in the annual employer year-end declaration (the "DADS") by February 1 of the year following the year in which the exercise or vesting occurs. French employers must include in the DADS the same information as listed above for the individual statement.

### **Annual Report to Shareholders**

If the French affiliate of the issuer company has annual shareholder meetings, the French affiliate should distribute a special report to its shareholders at their annual meeting listing the French tax-qualified stock option and RSU grants that have

been made to the 10 employees of the French affiliate who have been granted the most stock options and/or received the most shares upon exercise/vesting of the awards, as well as the corporate executives of the issuer company, its affiliates, and the affiliated companies of the consolidated group. If the French affiliate does not hold its own shareholder meetings, the French affiliate should still compile this report but retain it in its files.



### **Tax Reporting for Stock Options/Restricted Stock/Restricted Stock Units/Purchase Rights**

Companies are required to issue a Tax Deducted at Source ("TDS") certificate to their employees by June 15, 2023, after the end of the tax year (March 31, 2023) in connection with amounts withheld on taxable gains from equity awards (on exercise of stock options, the vesting of restricted stock and RSUs, and purchases under employee stock purchase plans). Employees should use this certificate to file their annual tax return, which is due on or about July 31, 2023 (or such other date as notified or extended by the tax authorities from time to time).

The Indian affiliate is also required to file TDS returns with the Indian tax authorities on a quarterly basis. These returns are due by the end of the month that immediately follows the relevant calendar quarter (except in the case of the quarter ending March 31, in which event the TDS return is due by May 31) and report details on all amounts withheld during the quarter, including those amounts withheld with respect to taxable gains.

### **Exchange Control Reports**

Effective August 22, 2022, the Indian affiliate must now file semiannual returns with the Reserve Bank of India through the AD Category-I Bank as opposed to the annual reports that were previously required for employee share plan participation. The first report, which covered certain award-related activity from April 1, 2022 through September 30, 2022, was due November 29, 2022. The next report will be due May 29, 2023, with respect to award-related activity that occurs between October 1, 2022 and March 31, 2023. This semiannual report should be filed on Form OPI. Due to the

fact that there is not yet a consensus about the information to include in the report (some advisors have interpreted the new rule to require reporting of equity grants, whereas other advisors have taken the position that the reports should report only share issuances), companies should consult their own legal advisors and AD Category-I Banks for further guidance about this new requirement.



### **Tax Reporting for Stock Options/Restricted Stock Units/Purchase Rights**

Prior to 2021, all employers were required to file a Form RSS1 annually with the Irish Revenue with respect to the following events occurring in the prior tax year: (i) options and other rights granted; (ii) shares issued following the exercise of options; (iii) assets transferred – rights (other than share options) exercised; and (iv) consideration given for options and other rights assigned or released. In 2021, the reporting requirement was extended to cover other forms of share-based remuneration (including restricted stock, RSUs, and other awards that are cash equivalents of shares), and the Irish Revenue introduced a new electronic return called the Employers Share Awards (“ESA”) return. The ESA return for 2022 must be uploaded through the Revenue Online Service by March 31, 2023. Separate reporting requirements apply for save-as-you-earn plans, approved profit-sharing plans, and employee share ownership trusts.



### **Tax Reporting for Stock Options/Restricted Stock Units/Purchase Rights**

Japanese companies that are owned 50% or more by non-Japanese companies and Japanese branch offices of non-Japanese companies are required to file a statement with the district director of the tax office if: (i) a Japanese resident who is or was an employee or officer of a Japanese branch or subsidiary of a foreign parent exercised, or received benefits under, any of the rights listed below; or (ii) a nonresident who is or was an employee or officer of a Japanese branch or subsidiary of a foreign parent has received Japanese source income generated from the exercise of, or the receipt of benefits under, any of the rights listed below. The rights are:

- The right to acquire, without payment or with payment of a discounted price, stock of the foreign parent or any of its parent or subsidiaries (collectively, “Parent Stock”).
- The right to receive payment of cash in the amount equivalent to the price of the Parent Stock or distributions related to the Parent Stock.
- The right to acquire the Parent Stock or receive payment of cash where the price of the Parent Stock, the business results of the foreign parent, or other index exceeds a predetermined threshold within a certain period.

Exercises of stock options, vesting of RSUs, payment of dividend equivalents, and employee stock purchase plan (“ESPP”) purchases are subject to these reporting requirements. These filings must be made with respect to any exercises or payments by March 31 (or by April 30 with respect to any exercise or payment made by nonresidents) of the calendar year following the year in which the exercise or payment occurred.



### **Tax Reporting for Equity Award Exercise/Vesting**

Companies that grant equity awards to employees in Malaysia must report, on an annual basis, any stock option exercises, RSU vesting, and/or purchases under an ESPP that took place during the previous calendar year. The report must be submitted to the Malaysian Inland Revenue Board in Appendix C of the Form BT/MSSP/2012 (which is also known as Appendix A and is the form used to report the grant of equity awards). It should be prepared and filed at the same time as the preparation of the statement of remuneration (i.e., EA Form) of the employees, which must be provided to the employees by the last day of February of each year. Please note that if the equity awards are granted to employees of more than one Malaysian entity, a separate filing should be made by each Malaysian entity as they are separate and distinct employers.



### **Securities Reporting for Exemption**

Companies that grant equity awards to their employees in the Philippines typically obtain an exemption from the Securities and Exchange Commission in the Philippines (“SEC Philippines”) to avoid having to register their securities with the

SEC Philippines. Once an exemption has been received from the SEC Philippines, the company is then required to file an annual report with the SEC Philippines by January 10 of each year that reflects the total number of shares that have been issued by the company pursuant to stock option exercises, the vesting of RSUs, and purchases under an ESPP during, and as of the end of, the prior calendar year.



#### **Delivery of Award Information for Tax Returns**

Companies that grant stock options and share awards in Singapore may have awards that are potentially eligible for the Qualified Employee Equity-Based Remuneration Scheme (“QEEBR Scheme”) and/or the Equity Remuneration Incentive Scheme (All Corporations)(“ERIS”).

Under the QEEBR Scheme, qualifying employees may apply to defer payment of the income tax due at exercise of stock options and vesting of share awards, including RSUs, for a period of up to five years, subject to an interest payment. Under ERIS, qualifying employees are eligible for income tax exemptions for gains arising from qualifying stock option and share award plans, including RSUs, of up to SG\$1 million over a period of 10 years. Although ERIS was phased out in 2013 so that it does not apply to new equity awards granted after December 31, 2013, it still applies to gains accrued through December 31, 2023, on awards granted prior to such date.

Employees who qualify under the QEEBR Scheme must submit an application form to defer their tax gains to the Comptroller of Income Tax, and the employer must certify on the application form that the stock plan under which the stock option and/or share award is granted qualifies for the QEEBR Scheme by meeting the applicable vesting period requirements. The form must be submitted to the Comptroller of Income Tax by April 15, 2023.

In addition, the local affiliate in Singapore is required to provide employees with the details of all gains arising from stock plans, segregating the gains, where applicable, into those qualifying for tax exemptions under the various share incentive schemes (such as the QEEBR Scheme and ERIS), and those that do not qualify for any tax exemption under any schemes, no later than March 1, 2023, on an annual return. The annual

return to employees is made on Form IR8A, and the information related to equity awards is provided on Appendix A to that form. If the company submits salary data electronically to the Comptroller of Income Tax, it may provide employees with such details of the remuneration as stated on the Form IR8A in any alternative format (e.g., via PDF or other electronic means).



#### **Securities Reporting for Stock Options/Purchase Rights**

Companies that grant stock options to the employees of their Thai affiliates must report any exercises of those options to the Thai SEC within 15 days after the end of the calendar year in which the options were exercised, in accordance with the details described in the Guidance provided by the Thai SEC, and also submit a summary of the plan pursuant to which the options were granted. Therefore, with respect to stock options exercised in 2022, the issuer company must file the report by January 15, 2023. A similar requirement exists for stock purchased under an ESPP – a report has to be filed within 15 days after the end of each purchase period under the plan. For example, if an ESPP’s annual purchase period ends on January 31 of each year, the reporting deadline would be February 15 of that same year.



#### **Tax Reporting for Equity Awards**

For each tax year, which runs from April 6 to April 5, UK employers are required to file reports with His Majesty’s Revenue & Customs (“HMRC”) that relate to equity awards made to their employees and the exercise or vesting of such rights. These reports must be filed with HMRC through the online PAYE (pay as you earn) system, which is the United Kingdom’s payroll tax deduction system.

Under real-time information (“RTI”) reporting, employers are now generally required to report every payment made to an employee “on or before” the date the payment is made. However, by concession, all notional payments (i.e., amounts that are taxable even though no cash is involved) on exercise or vesting of stock awards must be reported as soon as possible after the notional payment is made and, in any event, within 14 days of the end of the relevant tax month. HMRC has

confirmed that RTI reporting must be applied to internationally mobile employees that have UK tax and NIC (social security) liabilities, even if paid by an overseas employer.

By July 6, 2023, UK employers must also file through the online PAYE system an annual return with respect to stock options and other stock purchase rights that have been granted, exercised, or vested in the tax year ending April 5, 2023. Separate annual returns must be filed online for each separately registered stock plan, whether tax-advantaged or non-tax-advantaged. All tax-advantaged stock plans must be separately registered online, but all non-tax-advantaged stock plans may either be registered separately or together under a single scheme registration number.



## UNITED STATES

### Tax Reporting for Incentive Stock Options /Purchase Rights

U.S. companies that grant incentive stock options (“ISOs”) to their U.S. employees or sponsor an ESPP in which their U.S. employees participate must deliver an information statement (at least once per year) to those employees who have exercised their ISOs during that year or who have purchased shares of stock under an ESPP. For stock purchases that occurred in 2022, information statements must be delivered to employees by January 31, 2023, and then filed with the IRS by either February 28, 2023, or March 31, 2023, depending on the filing format. If paper returns are filed with the IRS, the filing

deadline is February 28, 2023, whereas electronically filed returns, which are required for 250 or more returns, are due by March 31, 2023. The information statement must provide the number of shares purchased, the exercise or purchase price, and the value of the shares transferred from the company to the participant, among other items. The information statement for exercised ISOs should be made on IRS Form 3921 and for shares purchased under an ESPP on Form 3922.



## VIETNAM

### Exchange Control Reporting for Approved Issuers

Circular 10/2016, issued by the State Bank of Vietnam (“SBV”), requires the local Vietnamese subsidiaries of foreign issuers of equity awards to register their equity plans with the SBV in order to offer awards under such plans to their Vietnamese employees. Once the SBV approves the registration of the plans, the Vietnamese subsidiary must file quarterly reports with the SBV on a prescribed form that summarizes, among other things, the number of grants made during the prior quarter and the number of shares issued pursuant to awards in the prior quarter. The first quarterly report is due by the 20th of the month following the quarter in which the approval is received. If any changes are made to the grant population in Vietnam after initial approval is received, the local subsidiary must receive additional approval from the SBV before the next regularly scheduled quarterly report is filed.

COUNTRY	TYPE OF REPORT	TYPE OF AWARDS COVERED	DEADLINE
Australia	Tax Report	All equity awards	July 14, 2023 (Employee Statement)
			August 14, 2023 (Report to ATO)
Belgium	Tax Report	All equity awards	March 1, 2023
Canada	Information Report for Non-Qualified Securities	Non-Qualified Stock Options (and possibly other awards)	Applicable deadline for Form T2
China	Exchange Control Quota Renewal	All equity awards	December 31, 2022
	First Quarterly Report	All equity awards	January 4, 2023
Denmark	Tax Report	All equity awards	January 20, 2023

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COUNTRY	TYPE OF REPORT	TYPE OF AWARDS COVERED	DEADLINE
France	Tax Report	French-qualified stock options and restricted stock units	February 1, 2023 (DADS)
			March 1, 2023 (Employee Statement)
India	Quarterly Tax Report	All equity awards	January 31, 2023
	Exchange Control Filings (Form OPI)	All equity awards	May 29, 2023, and November 29, 2023
	Withholding Certificate	All equity awards	June 15, 2023
Ireland	Tax Report	All equity awards	March 31, 2023
Japan	Tax Report	All equity awards	March 31, 2023
Malaysia	Tax Report	All vested equity awards	February 28, 2023
Philippines	Securities Report	All equity awards	January 10, 2023
Singapore	Tax Report	All equity awards	March 1, 2023 (Employee Statement)
	Tax Deferral Application	QEEBR Scheme awards	April 15, 2023
Thailand	Securities Report	Stock options	January 15, 2023
		Purchase rights under ESPP	Within 15 days of end of purchase period
United Kingdom	Tax Report	Option exercises and vesting of other equity awards	Real-Time Information Reporting (online to HMRC)
		All equity awards	July 6, 2023 (Annual Return online to HMRC)
United States	Tax Report	Incentive stock options and purchase rights under an ESPP	January 31, 2023 (Deliver to employees)
			February 28, 2023, or March 31, 2023, as applicable (File with IRS)
Vietnam	Quarterly Exchange Control Report	All equity awards	Assuming approval received, January 20, 2023 (covering the period from October 1, 2022, through December 31, 2022); April 20, 2023; July 20, 2023; and October 20, 2023

*This White Paper should be considered guidance only and should not be relied upon as legal advice. Specific design features of employee stock plans can substantially alter the applicable legal requirements. Readers are urged to obtain specific legal advice regarding how the local requirements apply to their plan terms before filing any report.*



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