Global Equity Matrix - Australia

RS/RSU

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# Taxation of Employee - RS/RSU

Awards are subject to tax at grant, unless they are subject to a "real risk of forfeiture" and certain other conditions are met.

Awards that are subject to vesting conditions should be considered subject to a "real risk of forfeiture." Provided the award is considered to be subject to a real risk of forfeiture at grant and the other conditions are met, tax will generally be at the earlier of vesting, or 15 year anniversary of date of grant.

The taxable amount will be the market value of the shares on the relevant date (as determined under Australian tax law).

Tax on sale. If shares are held for at least 12 months, 50% of capital gain excluded from tax.

**NOTE:**

Generally, if sale occurs within 30 days of taxable event for RS/RSU, sale will be considered relevant taxable event and sale price will be used in determining the taxable amount, with no additional gain/loss on the sale.

# Sub Deduction - RS/RSU

May be allowed if the subsidiary reimburses the parent under a written agreement.

Please contact Baker McKenzie for details.

# Withholding and Reporting - RS/RSU

**Income Tax:**
Employers required to report taxable events to the tax authorities and the employee after the end of the tax year (June 30).

Withholding required only if employee tax ID not provided.

**Social Insurance Contribution:**
Yes, Medicare Levy (including possibly a Medicare Levy surcharge) (employee only).

No withholding obligation for levy/surcharge.

Payroll tax (employer only) applies to RS/RSU benefits in all Australian states and territories.

Generally, payroll tax due grant, although in all states and territories, employer may elect to pay tax at vesting of RS/RSUs.

# Securities Restrictions - RS/RSU

For offers made on or after 1 October 2022, a new self-executing exemption applies for awards granted for no consideration (such as RSUs). A securities legend must be included in the award documents to reflect reliance on the exemption.

Shareholders of Australian subsidiary may have to approve special termination benefits provided to directors of the Australian subsidiary.

# Exchange Controls - RS/RSU

Reporting required for cash transactions in excess of AUD 10,000 and international fund transfers of any amount. Usually handled by the bank.

# Plan Entitlement - RS/RSU

Generally not, if right to terminate plan is reserved in writing.

# Data Privacy - RS/RSU

Written consent from employees for the transfer of data abroad is strongly recommended.

Companies should check with their data privacy counsel to determine any other requirements (such as notification or registration obligations).

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