

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

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Tax - Employee Notes - Your Shares: Gifted and Matched

Canada	
When will I be taxed in relation to my plan benefits?	Purchase of Investment Shares: Contributions to purchase Investment Shares are deducted from post-tax salary. Award of Gifted and Matching Shares: No income tax or social security. Unlocking of Gifted and Matching Shares: Income tax and social security. Sale by participant: Capital gains tax on increase in value since purchase of Investment Shares and since time of unlocking of Gifted and Matching Shares. Tax on sale is on one-half of any capital gain, that amount is then subject to marginal rate taxes. No social security.
What is the maximum rate of income tax payable in relation to my plan benefits?	54.8% (2025). Any change in tax rates usually takes effect from 1 January.
Income tax rates	Canada operates a system of federal and provincial or territorial taxes. The top federal tax rate is 33% for income over CAD253,414 (2025). The highest combined federal and provincial/territorial rate is 54.8% in the province of Newfoundland and Labrador. In Quebec, the highest combined rate is 53.31% and in Ontario it is 53.53%. The rate of withholding varies by province and can be higher than the marginal rate (up to the maximum rate).
Will my employer withhold income tax in relation to my plan benefits?	Yes.
Are my plan benefits subject to social security contributions?	Purchase of Investment Shares: Yes – contributions to purchase shares will be taken from post-social security salary. Award of Gifted and Matching Shares: No. Unlocking of Gifted and Matching Shares: Yes.
Will my employer withhold social security contributions in relation to my plan benefits?	Yes.

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Employee social security	<p>Employee social security (max rate):</p> <p>For share related and most other non-cash benefits, pension plan contributions (2025):</p> <ul style="list-style-type: none">• Federal: 5.95% and 4.00% for CPP2;• Quebec: 6.40%. <p>For most cash payments and benefits, combined pension plan contributions and employment insurance premiums (2023):</p> <ul style="list-style-type: none">• Federal: 7.59%;• Quebec: (up to approximately) 7.71% or 8.20% including Quebec parental insurance premiums. <p>Employee social security (cap):</p> <p>Maximum amount of earnings subject to pension plan contributions (2025):</p> <ul style="list-style-type: none">• Federal and Quebec: CAD71,300 with a basic exemption of CAD3,500. The maximum annual contribution to the pension plan is CAD4,034.10 (Federal) and CAD4,339.20 (Quebec). Pensionable earnings between CAD71,300 and CAD81,200 are subject to second additional CPP (CPP2) contributions and the maximum CPP2 contribution is CAD396.00 each for employees and employers. <p>Maximum contribution for employment insurance (2025): the maximum insurable earnings are CAD65,700 and the maximum annual premium is:</p> <ul style="list-style-type: none">• Federal: CAD1,077.48 (EI premium rate of 1.64%);• Quebec: CAD860.67 plus CAD484.12 for parental insurance premiums.
What is the maximum rate of capital gains tax?	54.8% (tax on sale is on one-half of any capital gain, that amount is then subject to marginal rate taxes).
What is the maximum tax rate payable on dividends?	54.8% (foreign dividend tax rates depend upon the employee's province of residence and their income level).

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	<p>If a decision is taken to pay dividends, then while you continue to hold shares in Your Shares, dividends are currently automatically reinvested to purchase further Rolls-Royce Ordinary Shares, which will also be held within Your Shares and will be immediately unlocked. You will be eligible to receive dividends within Your Shares on all Investment Shares but on Gifted and Matching Shares only once they unlock. Also, shares arising from reinvestment of dividends will themselves be eligible to receive future dividends.</p> <p>Reinvestment into ordinary shares: no income tax or social security, Sale of reinvested ordinary shares: taxed as a capital gain and subject to capital gains tax. No social security.</p> <p>These taxes will not be collected by Rolls-Royce. Please see question “Do I have to report any income in relation to the plan to my local tax authority?” below regarding your tax reporting and payment responsibilities.</p>
Do I have to report any income in relation to the plan to my local tax authority?	<p>Yes, an employee is required to file an annual return and this would cover reporting on income that has been withheld, paid and reported by the employer. There is no specific filing in relation to share related incentives such as Your Shares. Individuals must report foreign property holdings in excess of CAD100,000 at any time during the year (Form T1135).</p> <p>Report name: Annual Tax Return (Form T1). The tax return can be filed online. The tax return can be downloaded from the website here. Foreign property is filed on Form T1135, the Foreign Income Verification Statement (and/or the Quebec equivalent, as applicable). The report can be obtained here.</p> <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline: tax returns and foreign income statement must be filed by 30 April.</p> <p>Payment of tax: any outstanding tax amount is due by 30 April.</p>