

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

Australia	
When will I be taxed in relation to my plan benefits?	<p>Award: No income tax or social security.</p> <p>Unlocking: Income tax and employee social security on the tax market value of the shares.</p> <p>Sale by participant: Progressive income tax rates (inclusive of the compulsory Medicare levy) on any capital gains above the tax market value at the time of unlocking. A 50% discount on the capital gain is available if the shares are held for 12 months or more.</p>
What is the maximum rate of income tax payable in relation to my plan benefits?	47% (2024/25) including Medicare levy. Any change in tax rates usually takes effect from 1 July.
Income tax rates	<p>Tax rates are progressive, with a maximum marginal rate of 45% applying to income over AUD190,000. The maximum marginal rate of tax is increased by the compulsory 2% Medicare levy.</p> <p>The 2024/25 tax rates and income thresholds are:</p> <ul style="list-style-type: none">• taxable income up to AUD18,200: Nil• taxable income of AUD18,201 to AUD45,000: Nil plus 6% of the excess over AUD18,200• taxable income of AUD45,001 to AUD135,000: AUD4,288 plus 30% of the excess over AUD45,000• taxable income of AUD135,001 to AUD190,000: AUD31,288 plus 37% of the excess over AUD135,000• taxable income from AUD190,001: AUD51,638 plus 45% of the excess over AUD190,000. <p>Note: Individuals may also be subject to the following payments through the income tax system:</p> <ul style="list-style-type: none">• Medicare levy of 2% (see Employee social security below)• Medicare levy surcharge of up to 1.5% (see Employee social security below); and

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	<ul style="list-style-type: none"> • Student loan repayment: income from share or cash-based awards may be subject to deductions in relation to compulsory repayment of student loans through the income tax system. The repayment thresholds and rates are progressive and are adjusted annually. In 2024/25, for income over AUD159,664 the repayment rate is 10%. For employees, repayments on cash-based awards will generally be collected through income tax withholding.
Will my employer withhold income tax in relation to my plan benefits?	No, except where you have not provided a tax file number to 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.
Are my plan benefits subject to social security contributions?	Employee social security (Medicare levy and applicable surcharge) is payable.
Will my employer withhold social security contributions in relation to my plan benefits?	Rolls-Royce will not withhold for this except where you have not provided a tax file number to 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.
Employee social security	<p>Employee social security (max rate): 2% for Medicare levy. An additional Medicare levy surcharge of up to 1.5% is payable for higher income employees (i.e. employees who have earnings of more than AUD97,000 per year if single or more than AUD194,000 in total as a household) if they do not hold appropriate private medical insurance. The taxable value at settlement of incentive plan awards forms part of taxable income for this purpose.</p> <p>Employee social security (cap): no cap.</p>

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What is the maximum rate of capital gains tax?	Capital gains are taxed at progressive income tax rates (plus the compulsory Medicare levy, plus the potential Medicare levy surcharge). If an individual holds shares for 12 months or more before sale, only half the gain is subject to tax, after first applying any available capital losses.
How will I be taxed on shareholder distributions?	<p>In Rolls-Royce, if a decision is taken to make shareholder distributions, these are currently paid in the form of 'C Shares'. You will only be eligible to receive C Shares on Your Shares: Gifted once they unlock. After that, you will receive C Shares on your unlocked shares, whenever we pay them, until you choose to sell your shares. Whilst you hold your unlocked shares in your Equiniti share account, your C Shares will be redeemed for cash which will automatically be reinvested into ordinary shares.</p> <p>Issue of C Shares: taxed as a dividend subject to income tax. This tax will not be collected by Rolls-Royce. No social security applies.</p> <p>Redemption of C Shares and reinvestment into ordinary shares: no income tax or social security.</p> <p>Sale of reinvested ordinary shares: taxed as a capital gain and subject to capital gains tax. This tax will not be collected by Rolls-Royce. No social security.</p>
Do I have to report any income in relation to the plan to my local tax authority?	You must file an individual annual tax return. There is no specific filing by the employee in relation to share related incentives such as Your Shares: Gifted, the relevant information is included at Label 12 of your regular income tax return. Rolls-Royce will provide you with (as applicable) a PAYG Payment Summary and an ESS Statement setting out the details of taxable events that have occurred during the previous income year in relation to employee share schemes (ESS). Foreign income derived by Australian tax residents is generally liable to Australian tax and disclosable in the supplementary section to the annual income tax return. Capital gains and dividends are also reported on the annual income tax return.

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	<p>Report name: Income Tax Return. The return can be filed online. A sample of the tax return can be downloaded from the Australian Taxation Office (ATO) website (here).</p> <p>Tax period: 1 July to 30 June.</p> <p>Reporting deadline: 31 October (or later if filing through a registered tax agent).</p> <p>Payment of tax: any unpaid income tax is generally due 3 weeks after a tax assessment has been issued.</p>