

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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The information provided is understood to be correct as of 18 July 2024. Changes in legislation or practice after this date may affect the tax treatment.

Tax - Employee Notes - Your Shares: Gifted

Brazil	
When will I be taxed in relation to my plan benefits?	Award: No income tax. No social security. Unlocking: Income tax and social security on the market value. Sale by participant: Capital gains tax on increase in value since unlocking. No social security.
What is the maximum rate of income tax payable in relation to my plan benefits?	27.5% (2024) on ordinary income. Any change in tax rates usually takes effect from 1 January.
Income tax rates	Personal income tax rates range between 0% and 27.5% (progressive rates). For personal income, the maximum rate applies to annual income over approximately BRL55,980 (monthly income over BRL4,664.68).
Will my employer withhold income tax in relation to my plan benefits?	No - 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?	Yes.
Will my employer withhold social security contributions in relation to my plan benefits?	No - 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	Employee social security (max rate): 14% (progressive rates from 7.5% to 14%).

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	Employee social security (cap): the 14% rate applies to monthly income from BRL4,000.04 to BRL7,786.02 (2024).
What is the maximum rate of capital gains tax?	15% (applicable to the disposal of foreign shares).
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 and redemption of C Shares: taxed as a dividend, subject to income tax. This tax will not be collected by Rolls-Royce. No social security.</p> <p>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 income 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?	<p>Yes - you will be responsible for reporting the amount and paying the tax through your annual Income Tax Return. You would also report and pay tax on proceeds of sale and dividends in the annual Income Tax Return. The monthly reporting of dividends payments under the "<i>carne-leão</i>" system was abolished from 1 January 2024.</p> <p>You are also required to report any foreign assets, if valued at USD 1,000,000 or more, to the Brazilian Central Bank as at 31 December.</p>

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	<p>There is no specific filing in relation to share related incentives such as Your Shares: Gifted.</p> <p>Report name:</p> <ul style="list-style-type: none">• annual Income Tax Return; and• a foreign asset reporting is made electronically through the Central Bank website. <p>Tax period:</p> <ul style="list-style-type: none">• the tax year is 1 January to 31 December; and• foreign assets are reported annually based on the value of the assets on 31 December. <p>Reporting deadline:</p> <ul style="list-style-type: none">• the annual Income Tax Return must be filed by the last business day in April (this deadline may be extended by the tax authority) of the following year. Returns must be filed either online on the tax authority's website or through the Filing Tax Return Program; and• the foreign asset report must be filed by 5 April. <p>Payment of tax: see above.</p>