

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

Colombia	
When will I be taxed in relation to my plan benefits?	Award: No income tax. No social security. Unlocking: Income tax and social security. 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?	39% (2024) for labour income. Any change in tax rates usually takes effect from 1 January.
Income tax rates	Individual income tax is scheduler and is calculated depending on the source of the income (e.g. general income, pensions and dividends). The income tax rate for individuals is progressive (i.e. depends on the level of the income obtained by the employee during the financial year). The maximum rate applies to income over TVU31,000. For fiscal year 2024, each tax value unit (<i>Unidad de Valor Tributario</i>) (TVU) is equivalent to COP47,065. Labour income is subject to a maximum marginal income tax rate of 39%.
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 (if applicable – see “Employee Social Security below).

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Will my employer withhold social security contributions in relation to my plan benefits?	Yes (if applicable).
Employee social security	<p>Employee social security (max rate): the standard combined rate is 8% (4% for pension contributions and 4% for health contributions) which applies to employees who earn more than the minimum monthly salary and not more than 25 minimum monthly salaries. Employees with income equal to or higher than 4 minimum monthly salaries (COP5,200,000) will be subject to additional pension contributions of up to 2%. People who are independent (with no labour contract) will have to assume the full payment of social security contributions. Social security contributions increase every year in line with the minimum monthly wage (COP1,300,000 in 2024).</p> <p>Employee social security (cap): the base on which social security contributions are calculated is capped at the equivalent of 25 minimum monthly mandatory salaries (COP32,500,000 in 2024). As a general rule, share plan income (non-salary benefits) are only included in the base for calculating social security if the share plan income exceeds 40% of the employee's salary income for the corresponding month.</p>
What is the maximum rate of capital gains tax?	15% fixed rate if held for more than two years. Progressive tax applies (up to 39%) if held for less than two years.
How will I be taxed on shareholder distributions?	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.

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	<p>Issue of C Shares: taxed as a dividend subject to dividend tax. This tax will not be collected by Rolls-Royce. No social security*.</p> <p>Redemption of C Shares: no income tax. No social security.</p> <p>Sale of reinvested ordinary shares: proceeds taxed with income tax if the shares are held for less than 2 years. Taxed as a capital gain and subject to capital gains tax if the shares are held for more than 2 years. This tax will not be collected by Rolls-Royce. No social security.</p> <p>* - no social security assumes that the value of shareholder distributions will not exceed one Colombian monthly minimum wage</p>
Do I have to report any income in relation to the plan to my local tax authority?	<p>Yes, most employees will file a tax return. Individuals who hold assets abroad, including unlocked shares from Your Shares: Gifted, must file a special report, along with their tax return, reporting the assets and the value of the assets as of 31 December.</p> <p>Report name: Annual Tax Return. The foreign assets report is Form 160 and can be found at the tax authority's website here.</p> <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline: depends on the tax number of the individual but generally between August and October.</p> <p>Payment of tax: any tax due must be paid by the due date for filing the return.</p>