

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

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

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

Germany	
<b>When will I be taxed in relation to my plan benefits?</b>	<b>Award:</b> No income tax. No social security. <b>Unlocking:</b> Your Shares: Gifted Income tax and social security on value of shares above EUR 2000. If you have shares in the LTIP plan they will not benefit from the EUR 2000 exemption and income tax and social security contributions will be payable on the full value of the shares when they vest. <b>Sale by participant:</b> Capital gains tax on increase in value since unlocking. This tax will not be collected by Rolls-Royce. No social security.
<b>What is the maximum rate of income tax payable in relation to my plan benefits?</b>	47.475% (2024) includes solidarity surcharge but excludes church taxes. Any change in tax rates usually takes effect from 1 January.
<b>Income tax rates</b>	Income tax rates are progressive with a top rate of 45%. In addition, depending on total income and individual circumstances, some taxpayers pay a solidarity surcharge (a tax on individual income tax) of up to 5.5%, which results in a combined maximum tax rate of 47.475%. Members of certain churches also pay a church surcharge of 8% or 9%, taking the maximum tax rate for some taxpayers to 51.525%.
<b>Will my employer withhold income tax in relation to my plan benefits?</b>	For Your Shares: Gifted there will only be a withholding when the shares unlock if the value is over EUR 2,000. For the LTIP Plan the employer will withhold income tax and social security contributions.
<b>Are my plan benefits subject to social security contributions?</b>	Yes.

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<b>Will my employer withhold social security contributions in relation to my plan benefits?</b>	For Your Shares: Gifted there will only be a withholding when the shares unlock if the value is over EUR 2,000. For the LTIP Plan the employer will withhold income tax and social security contributions.
<b>Employee social security</b>	<b>Employee social security (max rate):</b> 21.05% (2024) (combined rates covering pension insurance, unemployment insurance, health insurance (including average additional contribution) and compulsory long-term care insurance ( <i>Pflegeversicherung</i> ) for employees without children). <b>Employee social security (cap):</b> EUR90,600 (2024) (pension scheme and unemployment insurance) in the old Federal States (EUR89,400 in the new Federal States); EUR62,100 (2024) (health insurance and compulsory long-term insurance) in all Federal States. This is the annual limit of income subject to social security contributions; income exceeding the cap will not be subject to social security contributions.
<b>What is the maximum rate of capital gains tax?</b>	26.375% (includes solidarity surcharge but excludes church taxes). Capital gains tax on the sale of shares is set at a flat rate of 25%. In addition, all taxpayers pay a solidarity surcharge (a tax on individual income tax) of 5.5%, which results in a combined rate of 26.375%. Members of certain churches also pay a church surcharge of 8% or 9% on the tax.
<b>How will I be taxed on shareholder distributions?</b>	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>Whereas, and as described under “When will I be taxed in relation to my plan benefits?”, income tax and social security are payable at unlocking on the value of shares above EUR 2000 only, the taxes described below are payable on all payments received.</p> <p><b>Issue of C Shares:</b> no income tax or social security.</p> <p><b>Redemption of C Shares:</b> taxed as a dividend and subject to capital gains tax. This tax will not be collected by Rolls-Royce. No social security. Dividends are taxed at a flat rate of 25%. In addition, all taxpayers pay a solidarity surcharge (a tax on individual income tax) of 5.5%, which results in a combined maximum rate of 26.375%. Members of certain churches also pay a church surcharge of 8% or 9% on the tax.</p> <p><b>Reinvestment into ordinary shares:</b> no income tax or social security,</p> <p><b>Sale of reinvested ordinary shares:</b> taxed as a capital gain and subject to capital gains tax. This tax will not be collected by Rolls-Royce. No social security.</p>
<b>Do I have to report any income in relation to the plan to my local tax authority?</b>	<p><b>Your Shares: Gifted</b></p> <p>If you only receive a salary subject to wage tax withholding and have no other income there is no need to file a tax return. The unlocking of Your Shares: Gifted does not create the need to file an annual tax return where there is no existing requirement to do so. If you do need to file a tax return you must include the value of your income which was exempt from tax. In the case of Your Shares: Gifted this will be the value of the shares when they unlock in September 2025 (up to a maximum value of EUR 2,000).</p> <p><b>LTIP</b></p>

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	<p>The employee must file an annual return (unless the employee only receives salary subject to wage tax withholding and has no other income). There is no specific filing in relation to share related incentives and receipt of the unlocked shares does not create the need to file an annual return where there is no existing requirement to do so.</p> <p><b>Report name:</b> Annual Tax Return. Capital gains and dividends are reported on attachments to the Annual Return. The return must be filed online. The tax return can be prepared using the tax authorities' 'elster' platform (see the website <a href="#">here</a>).</p> <p><b>Tax period:</b> 1 January to 31 December.</p> <p><b>Reporting deadline:</b> 31 July (in respect of the prior calendar year). The deadline is extended to the end of February in the following year, if the return is prepared by a certified tax adviser. If exercise takes place after the year-end dates, filing is made by the following 31 July. Deadlines have been extended due to Covid (until and including fiscal year 2023) so that for fiscal year 2023, the income tax returns deadline is 31 August 2024 (31 May 2025 if a tax advisor is instructed).</p> <p><b>Payment of tax:</b> the due date for payment will be set by the tax authority (depending on the date of the final assessment).</p>