

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

Spain	
<b>When will I be taxed in relation to my plan benefits?</b>	<b>Award:</b> No Personal Income Tax (PIT). No social security. <b>Unlocking:</b> PIT (remuneration-in-kind) and social security based on the market value of the shares at the taxable moment <b>Sale by participant:</b> PIT (capital gain) on the difference between the sale value of the shares and the market value at the moment of unlocking. No social security.
<b>What is the maximum rate of income tax payable in relation to my plan benefits?</b>	54% in the Valencian Community (2024). Any change in tax rates usually takes effect from 1 January.
<b>Income tax rates</b>	<p>The marginal tax rate for an individual depends on the autonomous region where the taxpayer habitually resides. Currently, the maximum marginal rate in Madrid is 45% (2024), in Catalonia the maximum marginal rate is 50% and, in the Valencian Community, the maximum marginal rate is 54%.</p> <p>The Spanish state publishes personal income tax (PIT) withholding rates which currently range from 19% to 47%. The amounts withheld and paid to the Treasury by the employer are an advance payment of the employee's final PIT liability, which can be lower or higher, depending on the tax rate in the region where the employee resides.</p> <p>The difference between the amount withheld by the employer and the final tax liability to be paid by the employee or to be refunded by the tax authorities, if the amounts withheld are higher than the employee's final tax liability, is settled by the employee through the filing of a tax return in April to June of the following year.</p>
<b>Will my employer withhold income tax in relation to my plan benefits?</b>	Yes

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<b>Are my plan benefits subject to social security contributions?</b>	Yes.
<b>Will my employer withhold social security contributions in relation to my plan benefits?</b>	Employer must withhold the employee contribution and pay to the Spanish social security authorities (General Social Security Treasury).
<b>Employee social security</b>	<b>Employee social security (max rate):</b> 6.47% <b>Employee social security (cap):</b> the maximum amount which is subject to social security contributions each month is EUR4,720.50 (applicable for 2024).
<b>What is the maximum rate of capital gains tax?</b>	28% (2024). Rates are progressive: <ul style="list-style-type: none"><li>• Up to EUR6,000: 19%</li><li>• EUR6,000.01 to EUR50,000: 21%</li><li>• EUR50,000.01 to EUR200,000: 23%</li><li>• EUR200,000.01 to EUR300,000: 27%</li><li>• Over EUR300,000: 28%</li></ul>

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<b>How will I be taxed on shareholder distributions?</b>	<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><b>Issue of C Shares:</b> taxed as a dividend subject to Spanish Personal Income Tax. The maximum rate is 28% (2024). Rates are progressive, with the maximum rate applying to amounts exceeding EUR300,000. This tax will not be collected by Rolls-Royce. No social security.</p> <p><b>Redemption of C Shares:</b> no income tax or social security.</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>An employee is required to file an annual tax return.</p> <p>There is no specific filing in relation to share related incentives. Such income will be included as remuneration-in-kind or capital gain (as relevant) in the Annual PIT Return.</p> <p><b>Report name:</b></p> <ul style="list-style-type: none"><li>• Annual PIT Return (Form 100):</li><li>• Wealth tax (if applicable) is reported on Form 714 for both tax residents and non-tax residents in Spain:</li><li>• Tax on Large Fortunes (if applicable) is reported on Form 718 for both tax residents and non-tax residents in Spain.</li></ul> <p>Tax forms can be downloaded from the Spanish Tax Authorities' website <a href="#">here</a>.</p>

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	<p><b>Tax period:</b> 1 January to 31 December.</p> <p><b>Reporting deadline:</b> generally, 30 June for both Form 100 and Form 714 and 31 July for Form 718. In general terms, the return should be filed between April and the end of June or July (as applicable) of the year following the year during which the employee receives the income.</p> <p>The employee may also be required to file <u>Form 720</u> regarding assets held outside of Spain, if the value of each asset type (shares, insurance, annuities and cryptocurrencies) is at least EUR50,000. Subsequent declarations are required if the value of a group of assets increases by more than EUR20,000 or the assets are sold or cancelled. This tax form can be filed electronically through the Spanish Tax Authorities' website <a href="#">here</a>, between 1 January and 31 March following the end of each tax year, in general terms.</p> <p><b>Payment of tax:</b> any unpaid income tax, capital gains tax and dividend tax, must be paid by the date of filing the tax return. Withholdings that should have been made by the employer may be deducted from the PIT due.</p>