

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

Hong Kong	
<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> Salaries (income) tax. No social security. <b>Sale by participant:</b> No tax on capital gains. No social security.
<b>What is the maximum rate of income tax payable in relation to my plan benefits?</b>	17% (2024/25). Any change in tax rates usually takes effect from 1 April.
<b>Income tax rates</b>	There are two ways to compute the salaries tax in Hong Kong. Taxpayers can pay tax on their net chargeable income (assessable income less deductions and allowances) at progressive rates ranging from 2% to 17%, or at a flat rate of 15% on net income (assessable income less deductions), whichever is the lower.
<b>Will my employer withhold income tax in relation to my plan benefits?</b>	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.
<b>Are my plan benefits subject to social security contributions?</b>	No.
<b>Will my employer withhold social security contributions in relation to my plan benefits?</b>	Not applicable.

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<b>What is the maximum rate of capital gains tax?</b>	None
<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> no income tax or social security. <b>Redemption of C Shares:</b> no income tax or social security. <b>Reinvestment into ordinary shares:</b> no income tax or social security, <b>Sale of reinvested ordinary shares:</b> no capital gains tax or social security.</p>
<b>Do I have to report any income in relation to the plan to my local tax authority?</b>	<p>Yes</p> <p><b>Report name:</b> Individual Tax Return (BIR60). The assessable value of a share award will be included in the annual Employer's Return (Form IR56B), a copy of which must be delivered to the employee by the employer. A separate return (IR56F or IR56G) must be delivered to employees leaving employment or departing from Hong Kong. The return can be filed online. Forms and information can be accessed through the Inland Revenue Department (IRD) website <a href="#">here</a>.</p> <p><b>Tax period:</b> 1 April to 31 March.</p> <p><b>Reporting deadline:</b> Individual Tax Returns are usually issued in early May of each year and must be lodged within 1 month (2 months if filing electronically for assessment year 2023/24) from the date of issue unless an extension request is submitted and</p>

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	approved by the IRD. If the individual does not receive the required tax return form, they must notify the IRD in writing about their assessable income within four months of the end of the tax year (i.e. by 31 July).