

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

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When will I be taxed in relation to my plan benefits?	Award: No income tax. No social security. Unlocking: Income tax. No 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?	47.53% (2024) including maximum regional and municipal taxes. Any change in tax rates usually takes effect from 1 January.
Income tax rates	State income tax is levied at progressive tax rates on all income. Starting from fiscal year 2024, the following brackets apply: <ul style="list-style-type: none">• EUR 0 - 28,000: 23%• EUR28,001 - 50,000: 35%• Over EUR50,000: 43% In addition: <ul style="list-style-type: none">• regional taxes of up to 3.33% and municipal taxes of up to 1.2% may apply
Will my employer withhold income tax in relation to my plan benefits?	Yes.
Are my plan benefits subject to social security contributions?	No.

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Will my employer withhold social security contributions in relation to my plan benefits?	Not applicable.
What is the maximum rate of capital gains tax?	26%
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 of C Shares: taxed as a dividend subject to substitutive income tax. This tax will not be collected by Rolls-Royce. No social security. The maximum tax rate payable on dividends is 26%.</p> <p>Redemption of C Shares and 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 capital gains 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>The employee must file an annual return. There is no specific filing in relation to share related incentives.</p> <p>Foreign assets such as unlocked shares from Your Shares: Gifted must also be reported to the tax authorities.</p>

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	<p>Report name: Annual Tax Return. The foreign assets report is filed electronically on Form RW together with the individual's annual tax return (<i>Modello Redditi PF</i>). The tax return form and instructions can be filed online. The tax return can be downloaded from the website here.</p> <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline: Tax returns must be filed by September of the following year.</p> <p>Payment: any unpaid tax is due by 30 June (tax balance and first advance payment); and 30 November (second advance payment) of the year following the relevant tax period.</p>