

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

Korea, South	
When will I be taxed in relation to my plan benefits?	Award: No income tax. No social security. Unlocking: Income tax and social security (if any). Sale by participant: Capital gains tax on increase in value since unlocking/transfer. No social security.
What is the maximum rate of income tax payable in relation to my plan benefits?	49.5% (2024) including local income tax. Any change in tax rates usually takes effect from 1 January.
Income tax rates	The maximum progressive tax rate is 45% which is payable on tax base over KRW1,000million. Local income tax brings the top rate up to 49.5%.
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.
Employee social security	Employee social security (max rate): 9.404% (if all components are applicable). Social security consists of national pension, national health insurance premium and employment insurance, each of which has different rates. The max rate above is the sum of all social security rates.

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	Employee social security (cap): monthly salary cap depends on component. Monthly salary cap for national pension and national health insurance premium are KRW6,170,000 and KRW119,625,106, respectively, and there is no monthly salary cap for the employment insurance.
Will my employer withhold social security contributions 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.
What is the maximum rate of capital gains tax?	22% for the sale of foreign shares, including 2% local income tax. Capital gains are included in income but are taxed separately.
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. Issue of C Shares: income tax (maximum rate 49.5% (2024) including local income tax. Any change in tax rates usually takes effect from 1 January). This tax will not be collected by Rolls-Royce. No social security (except if the participant employee has global income of more than KRW 20 million excluding the earned income from Rolls-Royce Holdings’ Korean subsidiary (i.e. the local employer of the participants), the National Health Insurance Service will assess additional National Health Insurance premium on the excess – this will not be collected by Rolls-Royce).

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	<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>
<p>Do I have to report any income in relation to the plan to my local tax authority?</p>	<p>Yes.</p> <p>Korean residents are required to report foreign held assets such as unlocked shares from Your Shares: Gifted to the tax authority, if those assets have a value over the equivalent of KRW0.5Billion in an offshore account (including bank accounts and brokerage accounts), with a foreign financial company as at the end of any month in any given year.</p> <p>Report name:</p> <ul style="list-style-type: none">• Annual Tax Return; and• foreign assets are reported on Form 45 - Report of Foreign Bank and Financial Accounts. <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline:</p> <ul style="list-style-type: none">• Annual Tax Return: 31 May; and• Report of Foreign Bank and Financial Accounts: Form 45 must be filed by 30 June.