Tax - Employee Notes - Free shares / RSUs

Tapestry Insight

United Kingdom

When will I be taxed in relation to my plan benefits?	**Award**: No income tax. No social security. **Vesting**: Income tax and social security. **Transfer to participant**: No income tax. No social security. **Sale by participant**: Capital gains tax on increase in value since vesting, subject to application of annual exemption, any available losses and pooling rules. No social security.
What is the maximum rate of income tax payable in relation to my plan benefits?	45% or 48% in Scotland (2024/25). Any change in tax rates usually takes effect from 6 April.
Income tax rates	**Income tax bands and rates for the 2024/25 tax year.** **UK taxpayers subject to income tax in England, Wales and Northern Ireland (annual income in GBP)**: • **up to 12,570 per year**: 0% (personal allowance) • **12,571 to 50,270 per year**: 20% (basic rate) • **50,271 to 125,140 per year**: 40% (higher rate) • **over 125,140 per year**: 45% (additional rate). **UK taxpayers subject to income tax in Scotland** (a taxpayer will be subject to Scottish income tax if their main place of residence is in Scotland) (annual income in GBP): • **up to 12,570 per year**: 0% (personal allowance) • **from 12,571 to 14,876 per year**: 19% (starter rate) • **from 14,877 to 26,561 per year**: 20% (basic rate) • **from 26,562 to 43,662 per year**: 21% (intermediate rate) • **from 43,663 to 75,000 per year**: 42% (higher rate) • **from 75,001 to 125,140 per year**: 45% (advanced rate) • **over 125,140**: 48% (top rate). **Notes:** **Personal allowance**: all UK taxpayers whose income exceeds GBP100,000 in any tax year, will lose their personal allowance at the rate of GBP1.00 for every GBP2.00 over the GBP100,000 threshold, which increases their effective tax rate. **Student loan deductions**: income from share or cash based awards may be subject to deductions in relation to compulsory repayment of student loans through the 'Pay As You Earn' (PAYE) withholding system. The timing and amount of the repayment will depend on each individual's repayment plan (which is based on the date they started their university course, the type of course and their UK country of residence). The repayment rate is currently 9% (6% for a Postgraduate Loan plan if relevant) above the applicable threshold. For employees, such repayments will generally be collected through PAYE withholding.
Will my employer withhold income tax in relation to my plan benefits?	Yes

Are my plan benefits subject to social security contributions?	Yes Employer and employee social security. Employer must withhold the employee contribution.
Employee social security	**Employee social security (max rate)**: in the UK, social security is known as National Insurance Contributions (NICs). The standard rates for the 2024/25 tax year are: • 8% for amounts between the primary threshold (GBP242 per week) and the upper earnings limit (GBP967 per week); and • 2% for amounts above the upper earnings limit. **Employee social security (cap)**: see details above. There is no cap on payments.
What is the maximum rate of capital gains tax?	24% (increased from 20% for disposals made on or after 30 October 2024) (annual tax-free exemption of GBP3,000 for the 2024/25 tax year).
What is the maximum tax rate payable on dividends?	39.35% (tax-free annual dividend allowance of GBP500 for the 2024/25 tax year).
Do I have to report any income in relation to the plan to my local tax authority?	**Filing**: for the majority of UK taxpayers, tax is withheld at source on employment income and no additional reporting is required. However, income is reported by the individual if they are required to, or choose to, complete a Self Assessment tax return. Specific triggers include: • **Income**: for individuals taxed through PAYE only, if the individual earned more than GBP150,000 in tax year 2023/24. From tax year 2024/2025, this threshold will be removed which means that the filing will no longer be triggered; • **Dividends**: tax on dividends over the dividend allowance and up to £10,000 can be paid through adjustment to the PAYE tax code or through a self-assessment tax return. For dividends over £10,000, a self-assessment tax return is required; and • **Capital gains tax** on gains above the individual's annual exemption. **Note**: capital gains can also be accounted for through the 'real-time' capital gains service (here). Note that once an individual is required to, or chooses to, complete a Self Assessment tax return, they will need to complete the information required by the return, including in relation to any income, dividends and/or gains which are below the thresholds mentioned above. **Report name**: Self Assessment tax return. Returns can be filed in paper form or online. Forms and information can be accessed and downloaded on the HMRC website (here). For individuals, there is no separate filing in relation to equity related incentives. **Reporting deadline**: the participant must register for Self Assessment by 5 October. The Self Assessment tax return must then be filed as follows: • **for online filing**: by midnight on 31 January in the year following the tax year (ending 5 April) in which the taxable event occurs; • **for paper returns**: by midnight on 31 October of the calendar year in which the tax year ends. **Payment of tax**: any outstanding tax must be paid by midnight on 31 January, although there may be a second payment deadline of 31 July where advance payments are made.

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; retention and holding periods; restrictions on the shares; clawback terms and periods; 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 14 February 2025. Changes in legislation or practice after this date may affect the tax treatment.