

Tax Report



United Kingdom	Proposed Global Share Purchase and Match Plan
Tax points	<u>Purchased shares:</u> Purchase: Income tax and social security on any discount to the value at the time of purchase. Seek further advice if shares are subject to restrictions or potential forfeiture, since additional/alternative taxable moments may apply. Sale by participant: Capital gains tax on increase in value since previous taxable moment, subject to application of annual exemption, any available losses and pooling rules. No social security. <u>Matching shares:</u> Grant: 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.
Income tax (maximum rate)	45% in England, Wales and Northern Ireland; 48% in Scotland (2026/27). Any change in tax rates usually takes effect from 6 April.
Income tax rates	Income tax bands and rates for the 2026/27 tax year. UK taxpayers subject to income tax in England, Wales or Northern Ireland (annual income in GBP): • up to 12,570 per year: 0% (personal allowance) • 12,571 to 50,270 per year: 20% (basic tax rate) • 50,271 to 125,140 per year: 40% (higher tax rate) • over 125,140 per year: 45% (additional tax rate). UK taxpayers subject to income tax in Scotland (annual income in GBP): • up to 12,570 per year: 0% (personal allowance) • 12,571 to 16,537 per year: 19% (starter tax rate) • 16,538 to 29,526 per year: 20% (basic tax rate) • 29,527 to 43,662 per year: 21% (intermediate tax rate) • 43,663 to 75,000 per year: 42% (higher tax rate)

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	• 75,001 to 125,140 per year: 45% (advanced tax rate) • over 125,140: 48% (top tax 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 for every GBP2 over the GBP100,000 threshold, which increases their effective tax rate. The personal allowance may be adjusted for individual taxpayers on a case by case basis to reflect their personal tax position. Student loan and postgraduate loan deductions: income from share or cash-based awards may be subject to deductions in relation to compulsory repayment of student and postgraduate 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% for a student loan and 6% for a postgraduate loan (2026/27) above the applicable earnings threshold. For employees, such repayments will generally be collected through PAYE withholding.
Employer income tax withholding	Yes
Employer social security withholding	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 2026/27 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. The standard rates apply to most employees but for a more detailed list see here. Employee social security (cap): see the threshold details above. There is no cap on payments.
Employer social security	Employer social security (max rate): in the UK, social security is known as National Insurance Contributions (NICs). The standard rates for the 2026/27 tax year are:

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	• NICs: 15% is payable on earnings above the secondary threshold (GBP96 per week). • Apprenticeship Levy: employers have to pay an Apprenticeship Levy of 0.5% of their annual pay bill if they (together with their connected companies) have a total annual pay bill in excess of GBP3 million. Employer social security (cap): see the threshold details above. There is no cap on payments.
Share valuation for determining taxable benefit	Broadly, UK tax and NICs (employer and employee) charges arise in respect of the acquisition of a share, by reference to the share's taxable market value. Public/listed companies: where the shares are listed on the London Stock Exchange and are not otherwise 'restricted', the market value of the shares on a particular day will be 'the lower of the two prices shown in the Stock Exchange Daily Official List for that day as the closing price for the shares (the 'bid' and 'offer' prices), on that day plus one-half of the difference between those two figures' (often called the 'mid-market closing price'). A similar approach is taken for shares listed on the New York Stock Exchange or any other 'recognised stock exchange' (see below). Where the relevant exchange does not show two closing prices generally the price shown at close of trading will be accepted. If the shares have to be valued on a day when the relevant stock exchange is closed, the closing mid-market price for the previous dealing day should be used. If there is an arrangement for shares to be sold on behalf of participants on acquisition ('sell to cover') HMRC will generally accept the sale price as the taxable market value in this context but only where the sale occurs on the day of or the day after acquisition and/or an average of the sale price is also permitted where shares are acquired and sold in multiple share trades over that period. Otherwise, taxable market value will be set by reference to the date of acquisition. A copy of the list of recognised stock exchanges can be accessed on the HMRC website here. AIM listed companies are usually able to use the above basis for valuation with HMRC consent. If the shares are not so listed or if they are restricted, (or if there is any question that they might be restricted), specialist valuation advice is required. 'Restricted' in this context means, broadly, anything done or understood or agreed to which would have the effect of reducing the shares' market value, in connection with: • forfeiture of the shares, in certain circumstances; • limitation on a right over, or conferred by, the shares (such as dividends or voting or rights to capital); • disadvantage suffered by the employee or certain people connected with the employee (such as a restriction on transfer). Private companies: for shares that are not traded on a recognised stock exchange, please see the comments on 'Private companies' in the 'Other' section in relation to the tax analysis generally. For valuation purposes, the starting point is that 'market value' of a share will be the price which it may reasonably be expected to fetch on a sale in the open market. Specific valuation

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	advice is generally recommended. There are specific mechanisms to agree the value of private company shares for the purposes of tax qualified plans.
Capital gains tax (maximum rate)	The maximum CGT rate applicable in relation to employee share plans is 24%. The standard rates of capital gains tax for the 2026/27 tax year are: • 24% for taxpayers who pay income tax at the higher tax rate and, where relevant, additional tax rate. • 18% or 24% for taxpayers who only pay income tax at the basic tax rate (with the rate of CGT depending upon the size of the gain and the amount of taxable income in the tax year). There is a tax-free annual exemption of GBP 3,000 for the 2026/27 tax year. Different rates may apply in certain circumstances, including in connection with carried interest income.
Dividend tax (maximum rate)	The maximum dividend tax rate is 39.35%. The standard rates of dividend tax for the 2026/27 tax year are: • 10.75% (for taxpayers who only pay income tax at the basic tax rate) • 35.75% (for taxpayers who pay income tax at the higher tax rate) • 39.35% (for taxpayers who pay income tax at the additional tax rate). There is a tax-free annual dividend allowance of GBP500 for the 2026/27 tax year.
Tax reporting - Individual	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 are set out in guidance from the UK tax authority here. Note also: • Dividends: tax on dividends over the dividend allowance and up to GBP10,000 can be paid through adjustment to the PAYE tax code or through a self-assessment tax return. For dividends over GBP10,000, a self-assessment tax return is required; and • Capital gains: tax on gains above the individual's annual exemption can also be accounted for through the 'real-time' capital gains service here. 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.

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	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.
Tax reporting - Employing company	The employer has a duty to report incentive related income. There are specific reporting obligations which arise in relation to equity incentive plans. Real Time Information (RTI): details of employment income and related withholding must be reported to HMRC using the RTI reporting system 'on or before' payment is made to the participant. HMRC know this is often not possible for share-settled payments and permits reporting as soon as possible within 14 days of the end of the tax month or when the employer deducts tax and NICs (if earlier). See guidance (here). Payment of tax: most employers pay tax and NICs withheld via PAYE to HMRC via the online PAYE system on a monthly basis. The deadline is the 22nd of the month following the month in which the taxable event occurred if paying electronically or the 19th of that month if paying by post. The Apprenticeship Levy is reported and paid monthly through the Employee Payment Summary. Share-based award reporting: the employer must register and report annually all employment related securities (ERS) schemes on the HMRC website (here). • Registration and self-certification: prior to reporting, the plans need to be registered online with HMRC and, if it is a tax-advantaged plan, self-certified that it meets the relevant statutory requirements. All new plans must be registered online (and self-certified if it is a tax-advantaged plan) no later than 6 July following the end of the tax year in which the first awards are made to UK taxpayers under the new plans. Registration applies to both tax-advantaged plans and non-tax-advantaged plans. Single registration is possible in relation to multiple non-tax-advantaged plans. One-off awards or gifts of shares must also be reported and so a registration will be needed if the company does not already have one in place. • Annual return for plans: the annual report must be filed by 6 July following the end of the tax year (ending 5 April). Nil returns are required in situations where no reportable events occurred in a tax year.

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Share retention/holding period	The existence of a retention/holding period may affect the tax treatment on acquisition of shares. Depending on the nature of such restrictions a 'section 431' tax election (under section 431 of the Income Tax (Earnings & Pensions) Act 2003) should be entered into by both the participant and the employer within 14 days of the date the shares are acquired, to reduce the risk of further income tax and social security arising upon the restrictions/forfeiture falling away/sale. Counsel recommends this is always done on a 'protective' basis, where the shares acquired may be considered 'restricted' due to a holding period or clawback requirement applying to those shares, assuming that the intention is for the full value to be subject to tax on acquisition. The section 431 tax election can be completed electronically. There may be further implications for restricted stock and share purchase plan awards if there is a risk of forfeiture during a retention period. Seek specific advice.
Recharge - Employing company	The local employer may be able to claim a statutory corporation tax deduction in respect of the shares acquired by employees, whether or not it makes any payment to the parent company. Where available, the statutory deduction will generally be calculated by reference to the value treated as employment income for the participants. For cash payments, the statutory deduction is not available, but the paying company may be able to claim a deduction for costs of payments under general principles (similar to the basis for recharged administration costs below). The local employer may also claim a deduction for administration costs, provided it makes a payment to the parent company. Detailed rules apply in relation to corporation tax deductibility and specific advice is recommended before implementing a recharge.
Recharge - Individual	The existence of a recharge does not impact the tax treatment for the individual.
Malus and clawback - Tax reclaim	For cash payments, provided that certain conditions are met, it may be possible for an individual to reclaim income tax (but not NICs) from HMRC to a limited extent in the event of clawback. Recent case law has permitted income tax to be reclaimed (but not NICs) for cash bonuses in certain limited circumstances. HMRC guidance supports such income tax reclamation. For share awards, UK tax law does not currently permit income tax and NICs to be reclaimed on the forfeiture of the underlying shares/equivalent cash amount.

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Malus and clawback - Tax points	The existence of a malus and/or clawback clause does not affect the tax point. For share plans, where clawback restrictions apply, a section 431 tax election should be executed by participating employees and their employer on the acquisition of the shares subject to clawback if the shares cannot freely be disposed of during the 'clawback period' to avoid any risk that HMRC may claim income tax and NICs charges arise at the end of the clawback period. There may be further implications for restricted stock and share purchase plan awards if the clawback provisions mean that the shares are forfeitable. Seek specific advice.
Tax beneficial treatment	There are four main types of tax-advantaged plan in the UK: • Sharesave or Save As You Earn (SAYE); • Share Incentive Plans (SIPs); • Company Share Option Plans (CSOPs); and • Enterprise Management Incentive option plans (EMI). Sharesave: a Sharesave is an 'all-employee' savings-related option plan. Monthly deductions are made from salary (up to GBP500 per month) after tax, which are held in a savings account (specific for this purpose) for 3 or 5 years, and those funds (the savings and any interest) can then be used to fund the exercise of an option. The option is granted at the outset of the savings period and the exercise price can be discounted by up to 20% of the shares' prevailing market value at the time of grant. Sharesave tax treatment: no income tax or NICs on grant or exercise. Capital gains tax may apply on sale. Any interest on the savings is free of investment income tax. No employers' NICs is currently payable. SIP: a SIP is an 'all-employee' share plan. A SIP can provide for the award of: • Partnership Shares (shares bought with pre-tax income); • Matching Shares (free shares given to match Partnership Shares under a matching ratio up to 2 shares for every Partnership Share acquired); • Free Shares (free shares given whether or not Partnership Shares are bought); and • Dividend Shares (shares acquired by reinvesting cash dividends paid on plan shares). Companies may offer all or any of these. A SIP requires a UK domiciled trust to hold the shares and minimum holding periods of between 3 to 5 years apply to Matching, Free and Dividend Shares. Matching and Free Shares can be made forfeitable.

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	Statutory limits also apply: • Partnership Shares (the lower of GBP1,800 or 10% of salary each tax year); • Free Shares (GBP3,600 each tax year); and • Matching Shares (a maximum of 2:1 match on Partnership Shares so, effectively, a GBP3,600 limit per tax year). There is no limit on the value of cash dividends that can be reinvested in Dividend Shares. SIP tax treatment: if the holding period requirements are met: • no tax on income used to purchase Partnership Shares; • no investment income tax on cash dividends reinvested in Dividend Shares; • no tax on purchase or allocation of Partnership, Matching, Free or Dividend Shares, or on their withdrawal from the SIP; • favourable capital gains tax treatment on sale. No employer NICs on any gain or on amount paid by the employee for Partnership Shares. CSOP: a CSOP is a discretionary option plan with tax-advantaged status. The options must be granted at 'Market Value' and there is a GBP60,000 per person limit of options outstanding at any one time, calculated by reference to the grant value. CSOP tax treatment: no income tax or NICs (employee or employer) on grant or exercise; usually only after third anniversary of grant or as a fixed category of good leaver before that time. Capital gains tax on sale. EMI: an EMI is a tax-advantaged discretionary option plan for smaller companies. An EMI can only be offered by 'independent trading companies' carrying on a 'qualifying trade' and specified scheme limits apply. For EMI options granted from 6 April 2026 (different limits apply to grants before this date), the scheme limits are: qualifying companies must have fewer than 500 employees and total gross assets up to GBP120million. The total limit of options outstanding at any one time is GBP250,000 per person (also taking into account any CSOP options held by that person) and subject to a total limit of GBP6million of options outstanding at any time for all participants. EMI tax treatment: no income tax or NICs (employee or employer) on grant or exercise provided HMRC is notified of grant by 6 July following the end of the tax year (different notification timing requirements applied to options granted prior to 6 April 2024) and certain ongoing conditions are met from grant to the time of exercise. Favourable capital gains tax on sale. The requirement to separately notify HMRC of the grant of an EMI will be removed from 6 April 2027. The plan will have to be registered with HMRC and will be subject to annual returns. Share valuation: certain types of tax-advantaged plans require the prior approval of HMRC as to the market value of a share to be used in connection with the plan, prior to the grant of awards. Where the shares are listed on the London Stock Exchange, the

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	New York Stock Exchange or other recognised stock exchanges, generally the market value will be the mid-market closing price of the shares on the relevant day (or an average over up to 5 days prior to and including the relevant day). Not all exchanges supply a 'mid-market' price at closing. Where only one closing price is shown, that closing price may be used for the relevant day. AIM listed companies are usually able to use this basis of valuation to determine the market value of a share in this context but will require the approval of HMRC. For non-listed companies or for shares which are restricted, specialist valuation advice should be obtained. The valuation for certain plans will have to be approved by HMRC.
Other	Private companies: the position on income tax withholding and NICs can differ for shares which are not traded on a stock exchange. NICs (both employer and employee) and employer withholding (for both income tax and NICs) will generally only apply if the shares are 'readily convertible assets' (RCAs). Some types of shares are automatically RCAs under the legislation. Fully paid ordinary shares in a private parent company will often be RCAs where, at the time of the taxable event, there are trading arrangements for the shares (e.g. if the company is using a trust to hold, buy and sell its shares in connection with its share plans) or if such arrangements are likely to come into existence (e.g. due to a likely transaction or flotation). The shares are also more likely to be restricted (see 'Share retention/holding period' section). Seek specific advice. Dividend equivalents are not taxed as dividends. Dividend equivalents paid in cash or shares would usually be taxed as employment income (i.e. PAYE income tax and NICs (employer and employee) withholding charges will apply at vesting in relation to share-based dividend equivalents and at payment for cash-based dividend equivalents). Closely held companies: standard tax treatment may not apply to a 'close company' (where the company is under the control of 5 or fewer 'participators' and their associates) and specialist tax advice should be obtained. Trusts: if using a trust to hold shares, companies should check they comply with the Disguised Remuneration tax regime in Part 7A of ITEPA 2003. This legislation is intended to charge to UK tax and NICs (employer and employee), any payments made to or on behalf of UK employees by third parties. A Disguised Remuneration tax charge could be triggered where assets are 'earmarked' or allocated on behalf of UK employees, e.g. where shares are reserved to satisfy incentive awards but before full entitlement arises at exercise or vesting. These charges can arise unless an exemption applies or steps are taken to fall outside the Disguised Remuneration tax rules. Companies should also check that they comply with: - the definition of 'employees' share scheme' in the Companies Act 2006; - section 86 of the Inheritance Tax Act 1984; and - also consider how the trust will be funded (i.e. by means of loans or contributions). Trusts may also be subject to the UK Trust Registration Service. Seek specific advice if using a trust to hold shares.

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	Failure to recover tax under PAYE: further tax and NICs charges can arise on the value retained by an employee if the employer fails to recover from them any amount of income tax for which the employer is liable to account under PAYE before 6 July following the end of the relevant tax year. Tax indemnity wording: a valid tax indemnity can minimise the risk of the tax charges referred to under 'Failure to recover tax under PAYE' arising. Where plan rules do not contain tax indemnity wording, companies should consider adding this into their plan or award documentation. Transfer of employer NICs: for particular types of share awards, it may be possible to transfer the employer NICs cost to the employee (participant). If this is intended, a specific election, or additional wording to secure specific participant agreement will be required. Specific advice should be sought.

Tax Report



This summary assumes that the participants are subject only to local taxes at all relevant times. Different rules may apply if the participants are subject to multiple taxing jurisdictions at any relevant time.

This summary is only a guide. It is limited to a general description of national tax laws and does not address local, city, regional, state or other provincial tax laws that may apply to the participants.

The tax position will depend on each participant's individual circumstances. We do not warrant any particular tax result. Therefore we recommend that participants consult their own tax advisor regularly to determine their individual tax position.

The exact structure of an award is crucial to the way that award is taxed. The tax treatment can be affected by many factors including retention/holding periods and clawback. Different clawback terms and different restrictions on shares may impact the tax treatment. If companies want detailed and specific tax advice for their plans, then local counsel need to know the exact detail of how the specific plans work. The database can only give generalised tax information.

The information provided is understood to be correct as of 4 August 2026. Changes in legislation or practice after this date may affect the tax treatment.

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