

Tax Report



India	Proposed Global Share Purchase and Match Plan
Tax points	<u>Purchased shares:</u> Purchase: Income tax on any discount to the value at the time of purchase. No social security. Sale by participant: Capital gains tax on increase in value since purchase. No social security. <u>Matching shares:</u> Grant: No income tax. No social security. Vesting: Income tax. No social security. Transfer to participant: No income tax. No social security. Sale by participant: Capital gains tax on increase in value since vesting. No social security.
Income tax (maximum rate)	42.74% (old tax regime) / 39% (new tax regime) (2026/27) including maximum surcharge and Health and Education Cess. Any change in tax rates usually takes effect from 1 April.
Income tax rates	Income tax payable at progressive rates up to 30%, adjusted up to 39% under the new tax regime, or up to 42.74% under the old tax regime. Following changes introduced in April 2023, the new tax regime (with limited deductions/exemptions) is now the default regime, although taxpayers can elect to be taxed under the old tax regime. The maximum general effective tax rate (ETR) including the maximum surcharge and the Health and Education Cess is either: • new tax regime: 39% (maximum surcharge capped at 25%); or • old tax regime: 42.74% (maximum surcharge of 37%). The effective tax rates (i.e. inclusive of surcharge and cess) and salary bands in INR under the new tax regime are as follows: • 0 - 400,000: 0% • 400,001 - 800,000: 5.2% • 800,001 - 1,200,000: 10.4% • 1,200,001 - 1,600,000: 15.6% • 1,600,001 - 2,000,000: 20.8% • 2,000,001 - 2,400,000: 26% • 2,400,001 - 5,000,000: 31.2% • 5,000,001 - 10,000,000: 34.32%

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	10,000,001 - 20,000,000: 35.88% - Above 20,000,001: 39% Surcharge: in addition to income tax, taxpayers must contribute a surcharge on the income tax, which is calculated as follows: - exceeding INR5million up to INR10million: 10% - exceeding INR10million up to INR20million: 15% - exceeding INR20million up to INR50million: 25% - exceeding INR50million: 37% (old tax regime) or 25% (new tax regime). Health and Education Cess of 4% of the total income tax, plus surcharge, is also payable.
Employer income tax withholding	Yes
Employer social security withholding	No
Employee social security	Employee social security (max rate): 12% Employee social security (cap): no cap. Note: social security is only paid on salary/wages and is not payable on incentive plan income.
Employer social security	Employer social security (max rate): 12% Employer social security (cap): no cap. Note: social security is only paid on salary/wages and is not payable on incentive plan income.
Share valuation for determining taxable benefit	Companies not listed on a recognised stock exchange in India: in determining the share price for calculating the amount of tax payable on the relevant tax point under an incentive plan, every Indian or foreign company (except Indian companies whose shares are listed on a recognised stock exchange in India) offering shares to Indian residents must have a share valuation undertaken by a Category 1 merchant banker registered with the Securities and Exchange Board of India (SEBI) under the taxation rules in India. The valuation will be on the date of the tax point or not more than 180 days earlier than that date. Depending on the circumstances, various valuation methodologies are permitted, e.g. basing the value on the company's latest financial statements, using the volume weighted average price leading up to the valuation date or the listed value of the shares. Companies may wish

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	to discuss the most appropriate approach with their authorised dealer bank and/or merchant banker. Depending which valuation methodology is most appropriate, the valuation process may take up to 6 weeks and the adviser/valuer's fees are likely to be about GBP2,000 to GBP5,000. Please note, there is a separate requirement for a valuation for calculating the perquisite value in the manner prescribed by the exchange control regulations. Indian companies whose shares are listed on a recognised stock exchange in India here: the fair market value will be the average of the opening price and closing price of the share on that date on the said stock exchange.
Capital gains tax (maximum rate)	Foreign shares: • Long-term capital gains (shares held for more than 24 months): 12.5% (plus applicable surcharge and cess). • Short-term capital gains (shares held for 24 months or less) are treated as ordinary income and taxed at progressive rates of up to 30% (plus applicable surcharge and cess). Note: • long-term capital gains are subject to a maximum 15% additional surcharge and short-term capital gains are subject to a maximum 25%/37% additional surcharge under new tax regime/old tax regime respectively; • additionally, capital gains are subject to a combined 4% health and education cess, which is levied on the tax on capital gains as increased by the surcharge; • a credit may be available for an Indian resident individual under the Income Tax Act 2025 for any taxes paid in a foreign jurisdiction on the sale of foreign shares, or for any tax withheld by the buyer in a foreign jurisdiction; and • different time frames and rates apply to shares in unlisted Indian companies and shares listed on an Indian stock exchange.
Dividend tax (maximum rate)	Up to 35.88% Dividends payment from foreign as well as Indian companies are included in an individual's total income and are charged at the income tax rate applicable to that individual. The enhanced surcharge rates of 25% and 37% are not levied on dividend income. As a result, the maximum rate of surcharge on tax payable on such income will be 15%.

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	In respect of dividends received from a foreign company, such dividends may be subject to tax withholding in a foreign jurisdiction. Such tax withheld may be creditable against any tax liability of an Indian resident individual in accordance with the provisions of the Income Tax Act 2025.
Tax reporting - Individual	The employee must file an annual tax return. Equity related incentive income is included in the Statement of Perquisites (Form 123). The filing is not specific to equity related incentives. The employee must report all worldwide income and foreign assets to the relevant tax authority. Participants should receive a Tax Collected at Source (TCS) certificate from the Authorised Dealer Bank for TCS paid on outward remittances under the Liberalised Remittance Scheme (LRS). Report name: Income Tax Return. The specific tax return will depend on the employee's income. The employee should use the Tax Deducted at Source (TDS) certificate (Form 130) and the Statement of Perquisites (Form 123, a statement showing particulars of perquisites, other fringe benefits or amenities and profits in lieu of salary) provided by the employer to complete their annual tax return. Foreign income is reported on Schedule FSI of Form ITR-2 and foreign bank accounts and foreign financial assets (including shares in the foreign parent company held outside of India) are reported in Schedule FA of Form ITR-2. The return of income will be mandatorily required if the taxpayer has any assets outside India even if the income is below the threshold limit prescribed under the income tax law. For most individuals, digital filing of income tax returns is mandatory. To file online, individuals must register on the e-filing website of the Income Tax Department and, once registered, the filing process is also through the e-filing website here. Tax period: 1 April to 31 March. Reporting deadline: the employer must deliver Form 130 and Form 123 to employees by 15 June following the end of the tax year, and individual tax returns must be filed by 31 July. Payment of tax: any unpaid tax must be paid on or before the due date for filing the income tax return.
Tax reporting - Employing company	The employer must report employees' equity related incentives in the Statement of Perquisites (Form 123). The filing covers all employee benefits and is not specific to equity related incentives. Report name: the employer must: file quarterly Tax Deducted at Source (TDS) returns (Form 138), reporting tax withheld to the TIN Facilitation Centres or online (here); and

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	- deliver to each employee the annual TDS certificate (Form 130) and Form 123 to enable employees to complete their individual income tax returns. Employers are not required to deliver a Form 130 certificate to employees who earn below INR250,000 and are not subject to income tax withholding. Returns can be filed online and can be downloaded from the website (here). Reporting deadline: - quarterly TDS returns must be filed by 31 May (for the quarter ending 31 March); 31 July (for the quarter ending 30 June); 31 October (for the quarter ending 30 September); 31 January (for the quarter ending 31 December); and - Form 130 and Form 123 must be issued to employees on or before 15 June following the end of the relevant tax year. Payment of tax: TDS (income tax withholdings) must be deposited with the income tax authority by the 7th of the following month (e.g. TDS deducted by the employer in October must be deposited with the income tax authority on or before 7 November), except the TDS for March which must be deposited with the income tax authority on or before 30 April. Social security is not payable on incentive plan income. For wage income, social security contributions are reported monthly by the employer, and must be deposited with the Employees' Pension Fund within 15 days of the close of every month (e.g. for January, the due date is 15 February).
Share retention/holding period	The existence of a retention/holding period will not affect the tax treatment.
Recharge - Employing company	Under the existing exchange control regulations, a foreign company can charge-back only the costs associated with the equity-based compensation issued to the employees of the Indian subsidiary/subsidiaries. Under tax law, a deduction is available when the same is accrued as per the invoice raised, subject to transfer pricing compliance and applicable deduction/withholding of taxes. The deduction will generally be available at settlement. A properly executed recharge agreement should be in place so that there is a legal basis available for the recharge. It is preferable that the Indian company's board of directors approves the recharge agreement in writing, including a board resolution to accept the recharge.
Recharge - Individual	The existence of a recharge does not impact the tax treatment for the individual.
Malus and clawback - Tax reclaim	If malus or clawback are applied then, in theory, any taxes paid can be reclaimed through the individual and the corporate tax returns, provided the tax payment and malus/clawback occurrence happen in the same year.
Malus and clawback - Tax points	The existence of a malus or clawback clause does not affect the tax point for the individual.

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Tax beneficial treatment	Since 1 April 2020, an employee receiving equity related incentives from an eligible start-up need not pay tax, and the eligible start-up does not have a corresponding income-tax withholding obligation, in the year of vesting/exercise. The tax on the employee and the employer's income-tax withholding obligation is deferred to the earlier of (a) the expiry of 5 years from the end of the relevant tax year of allotment; (b) the sale of the shares by the employee; and (c) termination of employment.
Other	Tax collected at source: outward remittances under the LRS (including under a share plan) are subject to TCS on outward remittances over INR1,000,000 (from 1 April 2025) per individual per financial year. The general TCS rate is 20% (separate rules apply to remittances for medical or educational payments). Technically the TCS is collected by the Authorised Dealer Bank when the remittance is made but the process should be checked with the Authorised Dealer Bank. Private companies: the tax treatment of the share plans would be the same whether the foreign parent company is publicly listed or a privately held company.

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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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