

Tax Report



Italy	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. 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 on conditional equity awards made under a discretionary plan. 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)	47.53% (2026) 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 2026 the following brackets apply: • EUR 0 - 28,000: 23% • EUR28,001 - 50,000: 33% • Over EUR50,000: 43% In addition: • regional taxes of up to 3.33% and municipal taxes of up to 1.2% may apply; and • for companies in the financial industry, a 10% 'additional' tax is levied on compensation paid in the form of bonuses and/or share awards to directors and executives that exceed the amount of fixed compensation (e.g. where fixed compensation is EUR1,000 and variable compensation EUR1,800, the amount of EUR800 is subject to the 10% additional tax). From 2026, exclusions apply.
Employer income tax withholding	Yes Withholding can be complex.

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Employer social security withholding	If social security is payable (social security is payable on the benefit under a share purchase plan but there is no social security on conditional equity awards made under a discretionary plan), both employer and employee social security contributions must be paid and the employer must withhold the employee's contribution.
Employee social security	Employee social security (max rate): approximately 10%. • The actual rate depends on the employee's position in the company (worker, manager, executive) and the size and activity sector of the company. • Different rates and caps may apply to directors. • Social security funds include pension, unemployment, sickness, maternity, social mobility and other smaller funds. Employee social security (cap): for employees with no social security record prior to 1 January 1996, pension fund contributions are capped at gross income of EUR122,295 (2026). The same cap applies to non-employee directors.
Employer social security	Employer social security (max rate): approximately 30%. • The actual rate depends on the employee's position in the company (worker, executive, manager) and the size and activity sector of the company. • Different rates and caps may apply to directors. • Social security funds include pension, unemployment, sickness, maternity, social mobility and other smaller funds. Employer social security (cap): for employees with no social security record prior to 1 January 1996, pension fund contributions are capped at gross income of EUR122,295 (2026). Minor contributions (e.g. unemployment, sickness, maternity, etc.) are not capped (approximately 3%).
Share valuation for determining taxable benefit	Public/listed companies: for listed shares the fair market value for tax purposes is the average closing price of the shares for the month leading up to the date of acquisition of the shares, including the date of acquisition and the same date in the previous month. Private companies: for shares in a private company (non-listed companies), the value of shares for tax purposes is determined in proportion to the value of the equity of the company. The value of the equity of the company must be calculated on the basis of the real values of assets and liabilities, as evidenced by a valuation report of an expert as at a date no earlier than thirty days prior to the day when the shares are awarded.

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Capital gains tax (maximum rate)	26%
Dividend tax (maximum rate)	26%
Tax reporting - Individual	The employee must file an annual tax return to report all income, including all income under an incentive plan, any dividends and any capital gains. There is no specific filing in relation to equity related incentives. Foreign assets must also be reported to the tax authorities. Report name: Annual Tax Return (<i>Modello Redditi PF</i>). Dividends and capital gains are reported in the Annual Tax Return (on Form RM and Form RT respectively). The foreign assets report is filed electronically on Form RW together with the individual's annual tax return. The tax return form and instructions can be found online. The tax return can be downloaded from the website here. Alternatively, Form RW (foreign asset reporting) can be included in the simplified tax return (Form 730), as can the contents of Form RM (dividends) and Form RT (capital gains). Reporting deadline: <i>Modello Redditi PF</i> must be filed by 31 October of the year following the tax period. Simplified tax return (Form 730) must be filed by 30 September of the year following the tax period. Payment of tax: 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.
Tax reporting - Employing company	The employer must report the employees' incentive related income but the filing covers all employee benefits and is not specific to equity related incentives. Withholding returns and social security payments must be filed monthly. Report name: Annual Statement of Compensation (<i>Certificazione Unica</i>). The return can be filed online. The return can be downloaded from the website here. Reporting deadline: • Monthly: reporting in the employees' monthly payslip (usually delivered on the 28th of the same month). • Annual: Annual Statement of Compensation to be delivered to the employee and submitted to the Italian tax authorities by 16 March following the relevant tax period. Payment of tax: withheld tax and social security must be paid to the tax authorities, by the employer, by the 16th of the following month.

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Share retention/holding period	The existence of a retention/holding period will not affect the tax treatment.
Recharge - Employing company	The local company will be able to claim a corporation tax deduction if it pays money to the parent for both the share costs and a share of administration costs.
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.
Malus and clawback - Tax points	The existence of a malus or clawback clause does not affect the tax point for the individual.
Tax beneficial treatment	In relation to share purchase plans (and potentially other types of plans, but not option plans) if: - the plan is offered to all employees; - the shares are held for at least three years (i.e. the shares cannot be transferred or sold by the participant during the holding period); and - the shares are not repurchased by the employer or parent company, an income tax exemption of up to EUR2,065.83 per year per participant is available to participants. This is difficult to administer in practice because if this exemption applies the employer is required to track ownership of the shares after vesting. Seek local advice.
Other	Private companies: other than the method of valuing shares for determining taxable benefit, the tax treatment of the share plans would be the same whether the parent company is publicly listed or a privately held company. Wealth tax: wealth tax is levied on financial investments held by tax-resident individuals. The taxable base is the value of the financial investments as of 31 December or the end of the relevant holding period, at a rate of 0.2% (0.4% for financial investments held in tax havens). A flat tax of EUR34.20 is levied on each bank account held by the individual (the tax is not due if the average balance in the individual's bank accounts, over the year, is less than EUR5,000). For offshore investments, the wealth tax is reported at the same time as the annual tax return (on form RW). Separate wealth taxes are imposed on real estate.

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	Social security: generally, there is no social security on an equity award which is made under a discretionary plan and is subject to conditions (e.g. a vesting period, the achievement of a target, continuing employment at vesting). However, for some equity plans, including all-employee plans, social security can apply and advice should be obtained to check whether social security is payable in relation to a particular plan. Withholding and social security are not always applicable. This depends on a variety of factors, including individual circumstances, the exact plan structure, and the existence and structure of any recharge. If the position is uncertain, the prudent approach is to seek specific tax advice.

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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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