

Tax - Payroll Guide - Free shares / RSU

Italy	
Tax points	<p>Grant: No income tax. No social security.</p> <p>Vesting: Income tax. No social security on conditional equity awards made under a discretionary plan.</p> <p>Transfer to participant: No income tax. No social security.</p> <p>Sale by participant: Capital gains tax on increase in value since vesting. No social security.</p>
Income tax (maximum rate)	47.83% (2025) including maximum regional and municipal taxes. Any change in tax rates usually takes effect from 1 January.
Income tax rates	<p>State income tax is levied at progressive tax rates on all income. Starting from fiscal year 2024, the following brackets apply:</p> <ul style="list-style-type: none"> • EUR 0 - 28,000: 23% • EUR28,001 - 50,000: 35% • Over EUR50,000: 43% <p>In addition:</p> <ul style="list-style-type: none"> • regional taxes of up to 3.63% and municipal taxes of up to 1.2% may apply; and <p>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).</p>
Employer income tax withholding	<p>Yes</p> <p>Withholding can be complex. If a tax exemption applies, the employer is required to track ownership of the shares after vesting.</p>
Employer social security withholding	<p>If social security is payable (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.</p> <p>For Your Shares, no social security withholding applies.</p>
Employee social security	<p>Employee social security (max rate): approximately 10%.</p> <ul style="list-style-type: none"> • The actual rate depends on the employee's position in the company (worker, manager, executive) and the size and activity sector of the company.

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	<ul style="list-style-type: none"> • Different rates and caps may apply to directors. • Social security funds include pension, unemployment, sickness, maternity, social mobility and other smaller funds. <p>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 EUR120,607 (2025). The same cap applies to non-employee directors.</p>
Employer social security	<p>Employer social security (max rate): approximately 30%.</p> <ul style="list-style-type: none"> • 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. <p>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 EUR120,607 (2025). Minor contributions (e.g. unemployment, sickness, maternity, etc.) are not capped (approximately 3%).</p>
Tax reporting - Individual	<p>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.</p> <p>Foreign assets must also be reported to the tax authorities.</p> <p>Report name: Annual Tax Return (<i>Modello Redditi PF</i>). 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. Starting from the tax return for 2023 (electronically filed in 2024), form RW can be included in the simplified tax return (form 730).</p> <p>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.</p> <p>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.</p>

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Tax reporting - Employing company	<p>The employer must report the employees' incentive related income but the filing covers all employee benefits and is not specific to equity related incentives.</p> <p>Withholding returns and social security payments must be filed monthly.</p> <p>Report name: Annual Statement of Compensation (<i>Certificazione Unica</i>).</p> <p>The return can be filed online. The return can be downloaded from the website here.</p> <p>Reporting deadline:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Malus and clawback - Tax points	<p>The existence of a malus or clawback clause does not affect the tax point for the individual.</p>