

## Tax - Payroll Guide - Free shares / RSU

| <b>South Africa</b>                         |   |
|---|---|
| <b>Tax points</b>                           | <p><b>Grant:</b> No income tax. No social security.</p> <p><b>Vesting:</b> Income tax and social security.</p> <p><b>Transfer to participant:</b> No income tax. No social security.</p> <p><b>Sale by participant:</b> Capital gains tax on increase in value since vesting. No social security.</p> <p><b>Note:</b> the above responses assume, among other things, that the relevant shares will be unrestricted, the time of 'vesting', for tax purposes, coincides with the vesting date, in accordance with the plan rules, and that participants will hold the shares as capital (as opposed to revenue) assets.</p> |
| <b>Income tax (maximum rate)</b>            | 45% (2024/25). Any change in tax rates usually takes effect from 1 March but updates have been delayed for tax year 2025/26 pending final approval of the National Budget.  |
| <b>Income tax rates</b>                     | <p>Tax rates are progressive. The tax rates from 1 March 2024 to 28 February 2025 are:</p> <ul style="list-style-type: none"> <li>• ZAR1 to 237,100: 18% (of taxable income)</li> <li>• ZAR237,101 to 370,500: 26%</li> <li>• ZAR370,501 to 512,800: 31%</li> <li>• ZAR512,801 to 673,000: 36%</li> <li>• ZAR673,001 to 857,900: 39%</li> <li>• ZAR857,901 to 1,817,000: 41%</li> </ul> <p>ZAR1,817,001 and above: 45%</p>  |
| <b>Employer income tax withholding</b>      | Yes   |
| <b>Employer social security withholding</b> | <p>Yes</p> <p>Both employer and employee social security applies.</p> <p>Employer must withhold the employee contribution.</p>  |
| <b>Employee social security</b>             | <p><b>Employee social security (max rate):</b> 1% Unemployment Insurance Fund (UIF).</p> <p><b>Employee social security (cap):</b> capped at ZAR212,544 remuneration per year or ZAR17,712 per month (the cap is unchanged since 1 June 2021).</p> <p><b>Note:</b> South Africa does not have a formal social security system but requires contributions to the UIF (employer and employee) and payment of the Skills Development Levy (SDL) (employer only). For the purposes of this table, 'social security' refers to these contributions and payments.</p>   |

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| <b>Employer social security</b>          | <p><b>Employer social security (max rate):</b> 1% UIF and 1% SDL. SDL is levied on the total amount of remuneration paid/payable (including overtime payments, leave pay, bonuses, commissions and lump sum payments). Employers with an annual payroll below ZAR500,000 are exempt from SDL.</p> <p><b>Employer social security (cap):</b> UIF is capped at ZAR212,544 remuneration per year or ZAR17,712 per month per employee (the cap is unchanged since 1 June 2021). There is no cap for SDL.</p> <p><b>Note:</b> South Africa does not have a formal social security system but requires contributions to the UIF (employer and employee) and payment of SDL (employer only). For the purposes of this table, 'social security' refers to these contributions and payments.</p>                                |
| <b>Tax reporting - Individual</b>        | <p>An employee is required to file an annual tax return (and in certain circumstances, provisional tax returns).</p> <p>There is no specific filing in relation to equity related incentives.</p> <p><b>Report name:</b> Annual Tax Return. Capital gains and dividends are reported on the same return. The return can be filed online by the employee registering for e-filing on the website <a href="#">here</a>.</p> <p><b>Tax period:</b> 1 March to 28/29 February.</p> <p><b>Reporting deadline:</b> fixed each year by government notice but generally at the end of September (if submitted in hard copy) or by the end of November (if electronically filed).</p> <p><b>Payment of tax:</b> a payment may be due once an assessment has been issued by the South African Revenue Service (SARS).</p>        |
| <b>Tax reporting - Employing company</b> | <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. However, the employer must apply for a directive from SARS on the tax payable under an incentive plan.</p> <p><b>Report name:</b></p> <ul style="list-style-type: none"> <li>For awards settled in shares or in cash linked to shares, the local subsidiary must obtain a directive with respect to the amount of taxes to be paid. The directive must be sought in writing (or electronically) by the local employer to SARS. The application is made by completing an IRP3(s) form and submitting it to SARS. The form sets out the information required and any relevant information regarding the directive sought may be attached to</li> </ul> |

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|  | <p>such application form. If the directive is sought electronically it will take approximately one week and if done in writing this could take approximately four weeks; and</p> <ul style="list-style-type: none"> <li>Monthly returns and payments of withholding for tax and social security.</li> </ul> <p>The returns can be filed online by registering for e-Filing on the website <a href="#">here</a>.</p> <p><b>Reporting deadline:</b> monthly returns must be filed by the seventh day of the month following the month during which the relevant amount was withheld.</p> <p><b>Payment of tax:</b> withheld employee tax and social security are paid monthly at the same time as the filing of the monthly return.</p> |
| <b>Malus and clawback - Tax points</b> | <p>A malus or clawback clause may affect the tax treatment if it, among other things, prevents the participant from freely disposing of the shares at market value, in which case the shares will not be deemed to vest for tax purposes until, among other things, the restriction ceases to have effect.</p>  |