



Experian plc International Sharesave

Employee Guide - Australia



The purpose of this note is to provide you with a general overview of the personal tax treatment of options under the Experian International Sharesave (the "Plan"). This information is for guidance only and may differ according to your personal circumstances. The overview is based on the tax law and practice as at March 2020 and may be subject to change.

This document assumes that you are an employee of the Australian entity of Experian and that you are resident and domiciled in Australia, for taxation purposes, from the date you were granted the options to the date you exercised the options and the shares are sold.

This guide is only relevant to share options granted on or after 1 July 2015.

If you have any doubts or any concerns about your particular tax position you should contact an independent tax advisor.

Summary of tax treatment

	Options	Interest
When is the tax point?	Exercise	Payment
Will I have to pay income tax?	Yes	Yes
Does a social security liability arise?	No, Medicare Levy (basic and surcharge) may apply instead.	No, Medicare Levy (basic and surcharge) may apply instead.
Are there any reporting requirements for my employer?	Yes	No
Are there any reporting requirements for me?	Yes	Yes

Employee actions

	Action required	Due date
Annual tax return	You are required to report: any taxable amount arising from your share option, any capital gain arising (or loss incurred) when you sell your Experian shares and any interest received under your savings contract.	31 October following the end of the tax year to which the return relates.
Payment of tax	It is your responsibility to pay income tax and Medicare Levy to the tax authorities by filing your tax return and settling the tax due following the assessment of your return. Your employer will not withhold any tax from you relating to Sharesave ¹ .	The tax due date is normally no earlier than 21 days from the date of issue of the Notice of Assessment.

¹ Note, different rules apply if you have not provided your Tax File Number to your Employer, see section 2 below.

1. Tax implications

Share options

1.1 Will I have to pay income tax when I am granted an option?

No, generally there is no income tax or Medicare Levy payable at the time that you are granted an option.

1.2 Will I have to pay tax when my option vests, at the end of the savings period?

No, there should be no income tax or Medicare Levy payable at the time your option vests ¹.

1.3 Will I have to pay tax if I choose not to exercise my option?

Yes, you will have to pay tax on the interest, if any, paid to you on your savings. See 1.7 below.

1.4 Will I have to pay tax if I choose to exercise my option?

An income tax and Medicare levy liability will generally arise at exercise.

The taxable amount will depend on when you exercise your option and sell the underlying shares.

If you sell the Experian shares within 30 days of exercise, the amount subject to income tax will be the sale proceeds less the exercise price and any transaction costs. In this situation, the income tax point is the date the shares are sold.

However, if you do not sell the shares acquired within 30 days of exercise, the taxable amount will be the greater of:

- the “spread at exercise” (i.e. the market value of the shares at exercise less the exercise price and related transaction cost); and
- an amount determined in accordance with the Australian valuation tables which are used to value the option.²

1.5 Will I have to pay social security on my option?

No, Medicare Levy (basic and surcharge) may apply instead, as outlined at 1.4, 1.6 and 1.7.

1.6 Will I have to pay tax if I sell my shares?

The tax treatment depends on whether or not you sell your shares within 30 days of exercise.

If you exercise your option and sell the Experian shares within 30 days of exercise, no additional capital gains tax is payable at sale. (As outlined above, the full sales proceeds less any exercise price you paid and transaction costs will be subject to income tax and Medicare Levy at the time the shares are sold).

However, if you sell the underlying Experian shares more than 30 days after exercise but less than 12 months after exercise, any capital gain will be subject to income tax at your marginal rate of tax

² However, if you cease employment with the Experian Group before the end of the savings period and you do not forfeit your option, an income tax and Medicare liability will arise on cessation of employment.

and Medicare Levy. The capital gain will be the difference between the sale proceeds and the cost base. The cost base is the aggregate of the amount previously subject to tax at exercise, the exercise price paid by you and any costs of sale.

Alternatively, if you hold the Experian shares for more than 12 months after exercise, only 50% of any capital gain arising at sale will be subject to income tax at your marginal rate of tax and Medicare Levy.

Interest paid to you at the end of savings period

1.7 Will I have to pay tax if I receive any interest on my savings?

You will be required to pay any income tax at your marginal rate of tax and Medicare Levy on the interest you receive.

2. Reporting requirements

2.1 Do I have any reporting requirements?

You are required to report on your Australian tax return:

- any taxable amount arising from your share option exercise;
- any capital gain arising (or loss incurred) when you sell your Experian shares; and
- any interest received under your savings contract.

Any taxable event should be reported in your annual income tax return for the year in which the event takes place.

You will be provided with an “Employee Share Scheme Statement” following the end of the year in which the taxable event takes place. This statement will include details of the taxable amount in relation to the exercise of your option only.

Your tax return should normally be submitted to the tax authorities by 31 October following the end of the tax year to which the return relates (the tax year runs from 1 July to 30 June). However, if you are using a tax agent, extensions to this filing date are generally available.

Any income tax and Medicare Levy due should be paid to the tax authorities following the assessment of your tax return. You should receive a Notice of Assessment from the Australian Taxation Office (ATO) confirming the amount of tax due and stating the due date for the tax owed.

Generally, the Notice of Assessment is issued approximately one week after the tax return is filed (if filed electronically), and the tax due date is normally no earlier than 21 days from the date of issue of the Notice of Assessment. Any tax liability due should be paid to the ATO by the due date to minimise late payment interest and penalties.

Share options

You will be required to pay any income tax and Medicare Levy due at exercise directly to the tax authorities via your annual tax return.

Your employer will not withhold any income tax or Medicare Levy due with respect to your share option, unless you have failed to provide them with your Australian Tax File Number (TFN) or Australian Business Number (ABN) by 30 June of the relevant tax year.

Interest paid to you at the end of savings period

You will be required to pay any income tax and Medicare Levy due on the interest you receive directly to the tax authorities via your annual tax return.

Appendix 1 – Worked Example

The following worked example illustrates how the share options gains and the tax due should be calculated. This example does not consider tax on any interest you may receive at the end of the savings period.

Example 1 – income tax due on exercise (sell within 30 days):

- Share options were granted with an exercise price of £15;
- The value of Experian's shares at the time of exercise is £25;
- You exercise options over 100 shares (using your savings under the plan);
- You elect to sell all your shares immediately upon exercise;
- Maximum tax rates apply.

Gain per share on exercise	£10
(£25 sales price - £15 exercise price)	
Total gain realised on exercise	£1,000
(100 shares x £10 gain per share)	Your employer will communicate this to you.
Income tax payable	£450
(£1000 x 45%)*	
Medicare Levy payable	£20
(£1000 x 2%)	

* Assuming that the participant is subject to the highest marginal income tax at 45%

Example 2 – income tax due on exercise (sell after 30 days):

- Share options were granted with an exercise price of £15;
- The market value of Experian's shares at the time of exercise is £25;
- Australian valuation of the option at the time of exercise is £26 per share;
- You exercise options over 100 shares (using your savings under the plan);
- You elect to sell all your shares later than 30 days from exercise;
- Maximum tax rates apply.

Gain per share on exercise	£11
(£26 Australian valuation price - £15 exercise price)	
Total gain realised on exercise	£1,100
(100 shares x £11 gain per share)	Your employer will communicate this to you.
Income tax payable	£495
(£1100 x 45%)*	
Medicare Levy payable	£22
(£1100 x 2%)	

* Assuming that the participant is subject to the highest marginal income tax at 45%

Exercise and Keep

If you choose to exercise your options and keep your shares, you will still have an income tax and social security liability. This income tax liability will be calculated as above, however the market value of the shares at the date of exercise will be substituted for the sales price in the above

example to calculate the tax due. However, if you do not sell the shares acquired within 30 days of exercise, the taxable amount will be the greater of:

- the “spread at exercise” (i.e. the market value of the shares at exercise less the exercise price and related transaction cost); and
- an amount determined in accordance with the Australian valuation tables which are used to value the option.

When you ultimately dispose of the shares in the future, a capital gains tax (CGT) liability may arise. Your base cost for CGT purposes would, with reference to Example 2 above, be £2,600 (i.e. the amount you have paid income tax on of plus the exercise price paid).

If you exercise your option and sell your shares within 30 days of exercise (example 1), no additional capital gains tax is payable at sale.

The mechanics of withholding and remitting the tax due to the tax authorities should not be impacted by your choice whether to sell your shares or retain them on the exercise of your options as generally there is no withholding required by the local employer in Australia. Instead, it is your obligation to settle any income tax and Medicare Levy due on your share option gain via your annual tax return. In order to satisfy your tax liability you may:

- a) cover the taxes due from your own funds; or
- b) sell enough of your shares as to cover the tax liability by way of sale proceeds.