



# Experian plc International Sharesave

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Employee Guide - Chile



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 Chilean entity of Experian and that you are resident and domiciled in Chile, for taxation purposes, from the date you were granted the options to the date you exercised the options and the shares are sold.

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

**This guide is only relevant for options granted on or after 1 January 2020.**

## Summary of tax treatment

|   | Options  | Interest |
|---|----------|----------|
| When is the tax point?                                | Exercise | Payment  |
| Will I have to pay income tax?                        | Yes      | No       |
| Does a social security liability arise?               | No       | No       |
| Are there any reporting requirements for my employer? | No       | No       |
| Are there any reporting requirements for me?          | Yes      | Yes      |

## Employee actions

|   | Action required   | Due date  |
|---|---|---|
| Reporting of exercise of options  | You are required to report the taxable amounts arising at exercise, and to pay any tax arising, through Form 50.  | Within the first 15 days of the month following the exercise of your options.   |
| Reporting of any interest received and capital gains realised on the sale of shares | You are also required to report any interest received and any gain arising when you sell your shares on your annual tax return for the relevant tax year. | Your tax return should be filed with the Chilean tax authorities by 30 April following the end of the tax year in which the taxable event occurred. |

# 1. Tax implications

## Share options

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

Previously, Second Category Tax (Impuesto Único de Segunda Categoría) was generally due on the 'benefit value' (the market value of the shares at grant less the exercise price (i.e. on the discount you received) of your options at your marginal rate at grant.

However, on January 29, Chilean Congress approved a revised draft of the so called "Modernization Tax Bill", after a year and a half of discussion. According to this bill, the grant of options under the Sharesave will not be deemed as a taxable event and you will only be subject to income tax when options are exercised.

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

No, there is no income tax or social security liability at the time your option vests.

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

Yes, any interest you may receive on your savings will be subject to Global Complementary Tax at your applicable rate. No social security is due on interest payments.

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

Yes, Second Category Tax at your marginal rate is payable on the option gain when you exercise your option.

You will be subject to income tax on the market value of the shares on the date of exercise less the exercise price paid.

You are required to report the taxable amounts arising at exercise and to pay any tax arising, through Form 50 within the first 15 days of the month following the exercise of your options.

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

There is no social security payable in relation to your options.

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

First Category Tax (at the relevant flat rate) and Global Complementary Tax (at your marginal rate) will be due on any gains arising from the sale of your shares. A tax credit for the First Category Tax paid can be claimed against the Global Complementary Tax due.

The taxable amount will be the sale proceeds (net of dealing costs) less the exercise price and any amount previously subject to tax at exercise.

You will be required to pay any tax due on the sale of your shares directly to the tax authorities through your annual tax return.

## Interest paid to you at the end of savings period

### 1.7 Will I have to pay tax on the interest I receive on my savings?

You will be required to pay any tax due on any interest you receive directly to the tax authorities through your annual tax return (see section 1.3.).

## 2. Reporting requirements

### 2.1 Do I have any reporting requirements?

Yes, you will have the following reporting obligations in relation to your options.

### Share options

You are required to report the taxable amounts arising at exercise, and to pay any tax arising, through Form 50 within the first 15 days of the month following the exercise of your options.

## Interest paid to you at the end of savings period

You are also required to report any interest received and any gain arising when you sell your shares on your annual tax return for the relevant year. Your tax return should be filed with the Chilean tax authorities by 30 April following the end of the year in which the taxable event occurred.

# 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 the interest paid to employees at the end of the savings period.

## Example of income tax at exercise:

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

|   |  |
|---|--|
| <b>Gain per share on exercise</b><br>(£25 market value at grant - £15 exercise price) | <b>£10</b>                                     |
| <b>Total gain realised on exercise</b><br>(100 shares x £10 value at exercise)        | <b>£1,000</b>                                  |
| <b>Income tax payable</b><br>(£1,000 x 35%)   | <b>£350</b><br>(your responsibility to settle) |
| <b>Social tax payable</b><br>(no social tax due on the option gain)                   | <b>N/A</b>                                     |
| <b>Net proceeds**</b> (100 x £25)<br><i>**without considering any brokerage costs</i> | <b>£2,500</b>                                  |

The mechanics of withholding and remitting the income 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 your employer in Chile. Instead, it is your obligation to settle any income tax due on your share option gain via Form 50 within the first 15 days of the month following the month in which the options were exercised.

### 1: You choose to sell your shares at exercise

By selling shares, you become entitled to receive sales proceeds (less any selling costs) on exercise. In practice, your employer will pay to you the net proceeds via check. The income tax due will not be deducted by your employer and it is your responsibility to report the taxable amount and settle the income tax due on your option gain.

### 2: You choose to retain the shares after exercise

If you decide to keep your shares, no sales proceeds will be payable to you at the time of exercise. However, income tax will still become due on exercise (as explained above) and it is your responsibility to report and pay any tax arising on the exercise of your options.

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.