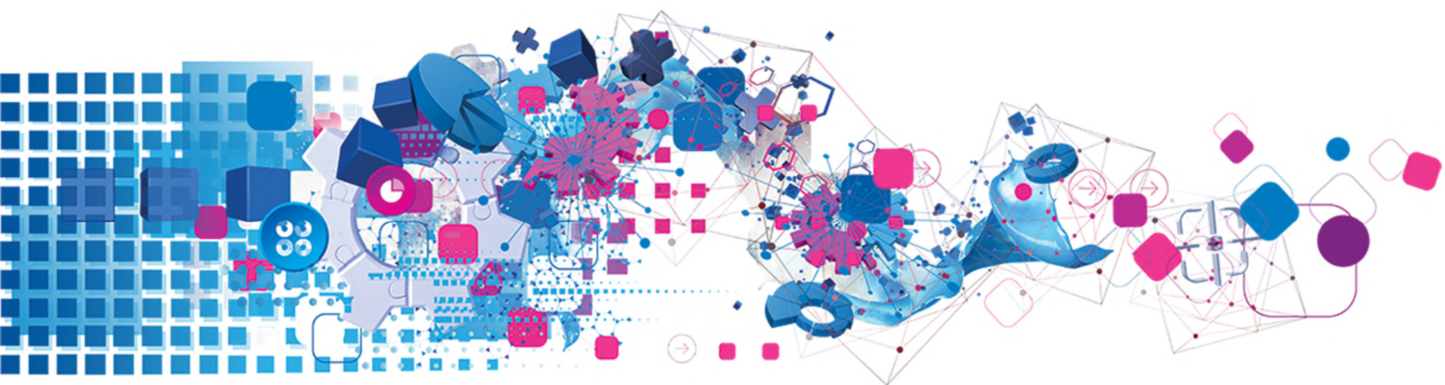
Experian plc
International Sharesave

Employee Guide - Germany



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 German entity of Experian and that you are resident and domiciled in Germany, 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.

Summary of tax treatment

	Options	**Interest**
When is the tax point?	Exercise	Payment
Will I have to pay income tax?	Yes, your employer will be required to withhold income tax via payroll at exercise.	Yes, you will have to pay income tax via your annual return.
Does a social security liability arise?	Yes	Yes
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 the exercise of your option, any interest received and any gain arising when you sell your shares on your annual income tax return for the relevant year. Your annual tax return should be submitted to the German tax authorities.	By 31 July following the year in which the taxable event arose.
Payment of tax	You will be required to pay any tax due on the interest you receive directly to the tax authorities through your annual tax return.	A due date for any tax payable will be provided by the tax authorities when they issue your German income tax assessment.

1. Tax implications

Share options

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

No, there is no income tax or social security liability 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 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. You will have to pay tax on any interest 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?**

Yes, you will have to pay tax on your option gain. An income tax, solidarity surcharge and church tax (if applicable) liability will arise when you exercise your option. The taxable amount will be the difference between the market value of the shares on the date of exercise and the exercise price.

You should be entitled to an annual tax exemption in relation to your options. This exemption will reduce the normal taxable amount by the lesser of EUR 360 and the taxable amount. The exemption is available on an annual basis.

Separately, the income tax on your options could be calculated using the ‘one-fifth rule’. As a result, the income tax payable on the taxable amount will be five times the tax payable on one-fifth of the taxable amount. This will generally be beneficial, if you are not already paying tax at the highest marginal rate.

Please note that your employer will not apply the EUR 360 exemption or the ‘one-fifth rule’ when calculating any income tax to be withheld. If you think the EUR 360 exemption or the ‘one-fifth rule’ would be beneficial for you, you should claim the benefit of these through your annual income tax return.

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

Yes, a social security liability will also arise (unless you have already exceeded the relevant earnings caps). The ‘one-fifth rule’ cannot be considered for social security purposes, however the EUR 360 exemption can be taken into account.

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

Yes, you are required to pay tax on any gain realised on sale subject to an annual capital investment exemption of EUR 801 (or EUR 1,602 for married persons filing jointly). Your capital gain will be the sale proceeds less any amount previously subject to income tax, the exercise price paid and any sale costs.

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?**

Yes, any interest that you receive on your savings is subject to income tax at a (maximum) flat rate of 25%[1], if your annual capital investment income (including interest, dividends and capital gains) exceeds the annual allowance (EUR 801 for single individuals and EUR 1,602 for married couples for the year ending 31 December 2020).

Solidarity surcharge and church tax (if applicable) will also be due on the amount of income tax payable.

No social security is due on any interest you receive.

[1] If your marginal income tax rate is below 25%, the tax authorities should assess your interest income at your marginal income tax rate (via your tax return).

2. Reporting requirements

2.1 Do I have any reporting requirements?

You are required to report the exercise of your option, any interest received and any gain arising when you sell your shares on your annual income tax return for the relevant year.

However, if your only income for the tax year is from a single employment and withholding has been operated by the employer, you are generally not required to file a tax return (but may do so if you wish, for example to take advantage of the EUR 360 exemption or ‘one-fifth rule’).

In addition, you are not required to report capital gains which have been subject to withholding by a German bank.

Your annual tax return should be submitted to the German tax authorities by 31 July following the year in which the taxable event arose. This deadline can be extended to the last day of February of the subsequent year if a tax advisor files your tax return on your behalf.

A due date for any tax payable will be provided by the tax authorities when they issue your German income tax assessment.

Share options

Your employer is required to withhold the income tax, solidarity surcharge, church tax (if applicable) and social security payable with respect to your option gain. As mentioned above, your employer will not apply the EUR 360 exemption or the ‘one-fifth rule’ and you should claim these through your tax return, if they apply.

Interest paid to you at the end of savings period

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. However, if the sale is effected through a German bank, the bank may withhold the tax payable at the point of sale and remit it to the tax authorities. The bank will inform you if they have withheld any taxes.

Appendix 1 – Worked Example

The following worked example illustrates how the share options gains should be calculated, as well as the practical implications of (1) selling the shares on exercise and (2) retaining the shares after exercise.

This example does not consider the interest paid to you at the end of the savings period.

Example of income tax due 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;
- You exercise options over 100 shares (using your savings under the plan);
- You choose to sell all your shares immediately upon exercise, at a sales price of £25;
- Maximum tax rates apply.

Gain per share on exercise (£25 sales price - £15 exercise price)	**£10**
Total gain realised on exercise (100 shares x £10 gain per share)	**£1,000** Your employer will communicate this to you.
Income tax payable (£1,000 x 45%)*	**£450**
Social tax payable (assuming that the relevant caps have been met)	**£0**
Net proceeds** (100 x £25) – £450 ***without considering any brokerage costs*	**£2,050**

** On the basis that the participant is subject to the highest marginal rate, not considering any solidarity surcharge or church tax that may also apply on exercise.*

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 gain per share on exercise. When you ultimately dispose of the shares in the future, a capital gains tax (CGT) liability may arise. Your base cost, using the above example, for CGT purposes would be the amount you have paid income tax on (£1,000) plus the exercise price paid (£1,500) plus any costs of sale.

The mechanics of paying the tax due to the tax authorities may vary depending on whether you sell your shares on exercise or decide to retain them, as follows.

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 (after tax been deducted) via payroll.

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 not at a later date (the due date for your annual tax return).

In order to satisfy your tax liability (and your employer's withholding requirements on exercise), your employer may:

a) Withhold taxes from other payments due to the you in the same period e.g. your salary (such that your salary would be less than usual or no salary may be payable after the deduction of income tax); or
b) Ask you to cover the taxes due from your own funds (i.e. you would pay the company an amount equal to your tax liability, and then they company would remit the taxes due to the tax authorities); or
c) Ask you to sell enough of your shares as to cover the tax liability by way of sale proceeds.