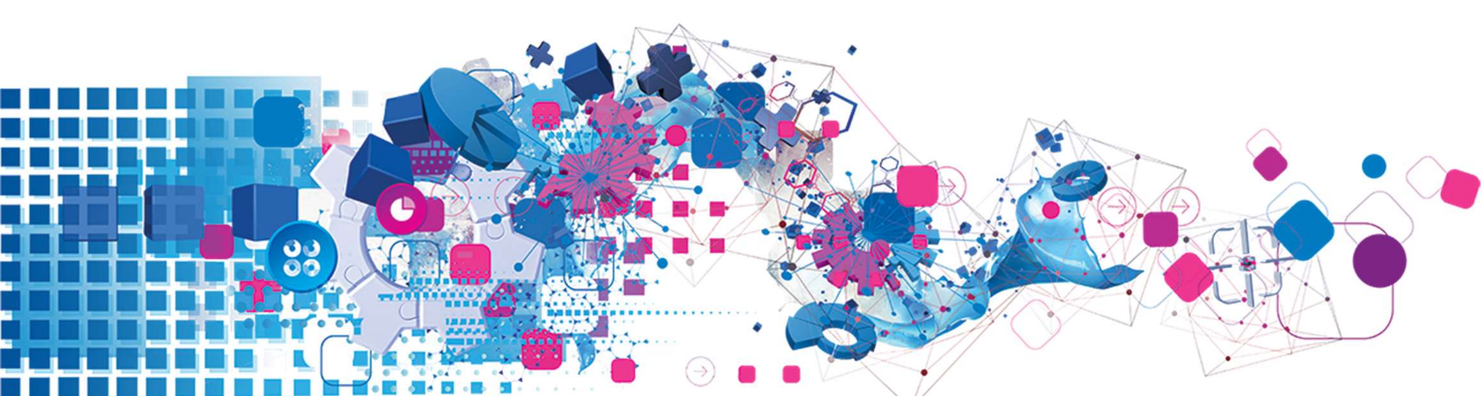
Experian plc
International Sharesave

Employee Guide – Hong Kong



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 Hong Kong entity of Experian and that you are resident and domiciled in Hong Kong, 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	Yes, you will have to pay income tax via your annual return.
Does a social security (MPF) liability arise?	No, assuming you have reached the cap with your salary.	No
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 relevant taxable amounts in relation to the exercise of your options together with other assessable income in your annual tax return for the relevant year. The Inland Revenue Department ("IRD") typically issues annual tax returns (Form B.I.R. 60) to individual taxpayers on the first working day in May each year.	The tax return should be completed and filed within one month from date of issuance.
Payment of tax	You will be required to pay any Salaries Tax due on your option gain directly to the tax authorities through your individual annual tax return.	The Inland Revenue Department (IRD) will notify you of the date(s) your tax liability must be paid by. Any tax liability should be paid by this date(s), to avoid late payment interest and penalties.

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?**

No, there is no tax or social security payable in Hong Kong on any interest received.

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

Yes, you will have to pay tax on any option gain arising at exercise.

A Salaries Tax liability will arise when you exercise your option (at your applicable rate, based on your chosen computation method). The taxable amount will be the difference between the market value of the shares on the date of exercise and the exercise price.

The lower amount computed under the following two available computation methods will be your actual liability:

- apply a flat rate on the sum of total assessable income and the option gain (15% for the tax year ending 31 March 2020), without the benefit of personal allowances; or
- apply progressive rates on the sum of total assessable income and the option gain (maximum rate of 17% for the tax year ending 31 March 2020), allowing for the deduction of personal allowances.

You will be required to pay any Salaries Tax due on your option gain directly to the tax authorities through your individual annual tax return.

The Inland Revenue Department (IRD) will notify you of the date(s) your tax liability must be paid by. Any tax liability should be paid by this date(s), to avoid late payment interest and penalties.

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

No social security is payable in relation to your options or any interest received.

However, if you dispose of your shares and receive your sales proceeds via payroll, Mandatory Provident Fund (“MPF”) contributions may be due if you normally pay MPF contribution (e.g. on your salary) and you have not reached the MPF cap. If MPF contributions are due on your share option gain, your employer will be responsible for withholding any amounts.

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

There is no tax payable in Hong Kong on the sale of your shares. However, see section 1.5 with regards to MPF contributions.

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?**

There is no tax or social security payable in Hong Kong on any interest received.

2. Reporting requirements

2.1 **Do I have any reporting requirements?**

You are required to report the relevant taxable amounts in relation to the exercise of your options together with other assessable income in your annual tax return for the relevant year.

The Inland Revenue Department ("IRD") typically issues annual tax returns (Form B.I.R. 60) to individual taxpayers on the first working day in May each year, and the tax return should be completed and filed within one month from date of issuance, unless an extension request has been applied and approved by the IRD. If you do not receive the tax return, you should nevertheless notify the IRD in writing of your assessable income, within four months of the end of the tax year, i.e. by 31st July.

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 (on the basis that the flat rate of 15% applies)	**£150**
Social tax payable	**N/A**
Net proceeds** (100 x £25) – £150 ***without considering any brokerage costs*	**£2,350**

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.

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. You will have to ensure you set some of the proceeds aside to cover any income tax due on the exercise (as described above), or use your own funds.

As the net proceeds will be paid to you via local payroll, MPF contributions (subject to an annual earnings cap of HKD 360,000 (~ GBP 36,120) in 2020) might be due on the award gain. Your employer should withhold the MPF contributions, if applicable, however you will still be responsible for settling any income tax payable via your tax return.

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 which should be paid through your individual annual tax return, as explained above.

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.