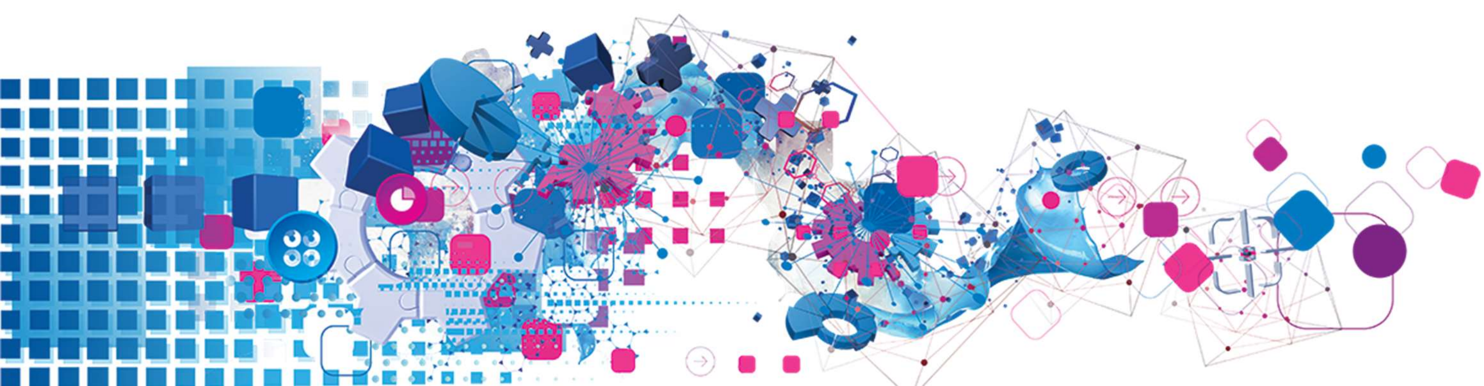
Experian plc
International Sharesave

Employee Guide - India



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 Indian entity of Experian and that you are resident and domiciled in India, 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?	No	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 exercise of the option, any interest and any gain arising on sale on your annual tax return for the relevant tax year.	31 July following the end of the tax year in which the taxable event arose.
Payment of tax	You are required to pay income tax and any surcharges on the interest you earn on your savings and on any capital gains (on sale) via your annual tax return.	As above.

1. Tax implications

Share options

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

No, income tax or social security will not arise at the time when 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, income tax or social security will not arise 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 the 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?**

When you exercise your options, income tax will arise on the gain you make, i.e. the difference between the fair market value of the shares at the date of exercise and the exercise price you pay.

Experian will calculate the fair market value (as required under Indian legislation) and your gain and communicate this to you.

Income tax will be charged at your marginal rate (including education cess) and a surcharge may also apply if your income exceed a certain threshold.

Experian has an obligation to withhold income tax on your behalf via payroll shortly after exercise (normally the 7th day of the calendar month following exercise). However, the mechanics for paying the tax due to the tax authorities may vary depending on whether:

- you chooses to sell your shares at exercise; or
- you chooses to retain the shares after exercise.

Please refer to Appendix 1 for more details, especially if you consider keeping your shares.

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

No, social security will not be payable in respect of your options.

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

You are required to pay income tax on any capital gains realised on sale.

- for shares held for 24 months or less, income tax at your marginal rate, education cess and a surcharge (if applicable) are due; and
- for shares held for longer than 24 months, income tax at a flat rate of 20%, educational cess and a surcharge (if applicable) are due.

The taxable gain is the sale proceeds less the exercise price and any amount previously subject to income tax, the exercise price and any sale costs.

For shares held for at least 24 month before sale, when computing the capital gain, the base cost can be adjusted to account for inflation (based on a ‘cost inflation index’ prescribed by the Indian tax authorities).

You may wish to contact an independent tax advisor to understand the implications of selling your shares based on your personal circumstances.

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. Income tax at your marginal rate, education cess and a surcharge (if applicable) are due on the interest paid on your savings at your marginal rate. Interest will generally become taxable when it is credited to your bank account (which we understand is every month) and must be paid via your annual 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 and any gain arising when you sell your shares on your annual tax return for the relevant year.

Your annual tax return should be submitted electronically to the Indian tax authorities by 31 July following the tax year in which the taxable event arose.

Share options

You are required to report the option gain you realise on exercise during the year within your annual tax return.

Interest paid to you at the end of savings period

You will be required to report any interest arising during the year within your annual tax return.

You are also required to include details of the bank account in which your savings are held in your tax return.

Foreign Assets Reporting

If your total annual income exceeds INR 50 lakh, you will be required to report your worldwide assets and liabilities in Schedule AL, which forms part of your tax return. If you are required to complete Schedule AL, any Experian plc shares you hold (following exercise) should be reported in this schedule if you still hold them on 31 March of the relevant tax year.

You are also required to report any foreign assets on the foreign asset schedule (Schedule FA) which also forms part of your tax return. You will therefore be required to report:

- Any vested but unexercised options you still hold at 31 March, and
- Following exercise, any Experian shares you hold.

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 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 Merchant Banker Valuation (MBV) 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
- Maximum tax rates apply.

Gain per share on exercise (£25 MBV - £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 42.74%)*	**£427.40**
Social tax payable	**N/A**
Net proceeds** (100 x £25) - £427.40 ***without considering any brokerage costs*	**£2,072.60**

**An income tax, education cess and surcharge liability arises on exercise at an aggregate rate of 42.74%.*

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 keep your shares as a share certificate, as follows.

1: You choose to sell all your shares at exercise

By selling all your 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 deducting tax) 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, a tax liability will still arise at exercise. As such, Equiniti will sell a sufficient number of shares on your behalf to meet the tax due by you on exercise – this is referred to as "sell to cover" i.e. selling just enough shares to cover your tax due. This "sell to cover" approach will be the default position for any employee who chooses to keep their shares.

Under sell to cover enough shares will be sold to cover your *estimated* tax liability and the remainder of the shares (after any selling costs and tax has been deducted) will be delivered to you as a share certificate.

The funds withheld by the administrator will then be transferred to local payroll to remit the tax due to the tax authorities. If your personal tax rate is lower than the withholding rate applied by Equiniti then any excess withholding should be refunded to you in the payroll run.

If you choose to exercise your options and keep your shares, when you ultimately dispose of the shares in the future, a capital gains tax (CGT) may arise. Your base cost for CGT purposes would be the amount you have paid income tax on and the exercise price paid in relation to the shares you hold after sell to cover. Using the above example, this would be £25 per share (assuming no other Experian shares are held).