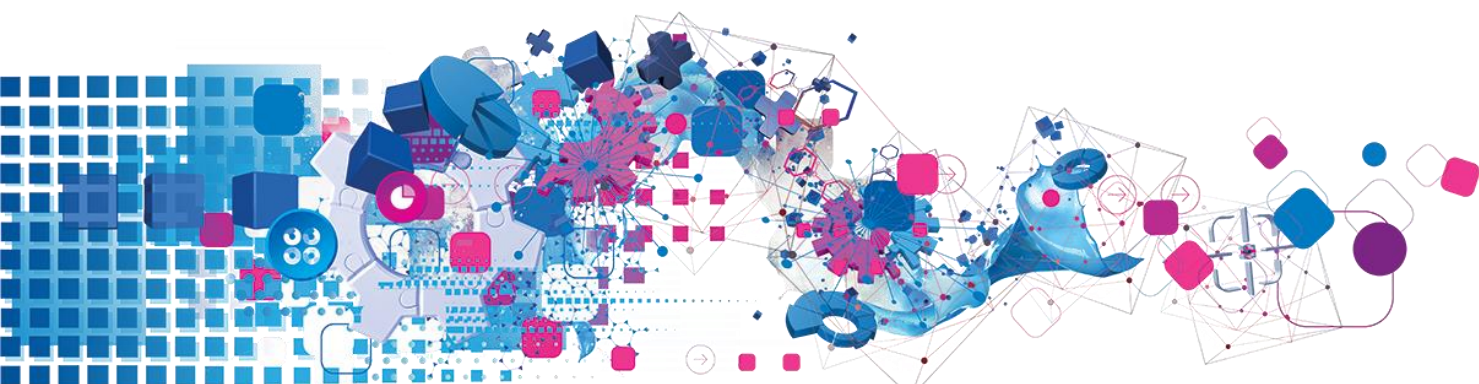




# Experian plc International Sharesave

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Employee Guide - Italy



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 Italian entity of Experian and that you are resident and domiciled in Italy, 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?	No	Yes

## Employee actions

	Action required	Due date
Submission of annual tax return	<p>You are required to complete and submit an annual tax return, which should include:</p> <ul style="list-style-type: none"> <li>any gains realised the sale of your shares*;</li> <li>the value of the interest you receive on your savings*;</li> <li>and</li> <li>the value of your savings and shares held abroad.</li> </ul>	by 30 June (or if you file your return online, 30 September) of the year following the year in which the taxable event arose
Payment of tax	<p>You must pay:</p> <ul style="list-style-type: none"> <li>any capital gains tax due on the sale of your shares*;</li> <li>any investment income tax payable on the interest you receive on your savings*;</li> <li>and</li> <li>any IVAFE due on your savings and/or shares held abroad;</li> </ul> <p>directly to the authorities.</p>	by 30 June after the end of the tax year

*\*You may choose to have an intermediary to pay tax on your behalf when you sell your shares and receive the interest on your savings, in which case you will have no reporting requirements with regards to these items.*

# 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, tax is payable on any interest you receive at a flat rate of 26% (for 2020).

No social security is due on interest payments.

Any savings in a bank account you hold outside of Italy will be subject to a fixed IVAFE contribution of €34.20 (for each bank account held abroad) for the year ending 31 December 2020.

### 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 and on any interest you receive.

Income tax at your marginal rate, regional and municipal tax (if applicable) will be payable when you exercise your option.

The taxable amount will be the difference between the “normal value” of the shares on the date of exercise and the exercise price. The “normal value” is the arithmetic average of the Experian plc share price in the month preceding the date of exercise, including the exercise date and the same date of the previous month.

Your employer will withhold any income tax due when you exercise your option. However, the mechanics for paying the tax due to the tax authorities may vary depending on whether:

- you choose to sell your shares at exercise; or
- you choose 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?

There is no employee social security payable on share options in Italy.

### 1.6 Will I have to pay tax on the shares I hold after exercise?

As an Italian tax resident, you are subject to a wealth tax on financial assets held abroad (outside Italy) i.e. IVAFE, at a rate of 0.2% for the year ending 31 December 2020.

Therefore, the market value of any shares you hold outside of Italy at 31 December 2020 will be subject to IVAFE.

Generally, IVAFE has to be paid on a self-assessment by the taxpayer when filling their annual tax return. However, if you have elected to have your shares held under the custody of an Italian financial intermediary (whether this is via the Administered savings method or Managed savings method), taxes ("Imposta di bollo") will be directly withheld by the intermediary and remitted to the Italian Tax Authority.

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

Capital gains tax is payable on any gain arising when you sell your shares. The taxable amount will be the sale proceeds less the amount subject to income tax at exercise and the exercise price.

Any gain will normally be taxed at a rate of 26% (for 2020).

You will be required to pay any capital gains tax arising when you sell your shares via one of the three methods outlined below.

#### **Annual tax return**

If you choose to pay the tax through your annual tax return you must report the gain and pay the tax due directly to the authorities.

#### **Administered savings method**

If you expressly elect that the shares are administered by or are placed in the custody of an Italian authorised financial intermediary (Italian bank, SIM or other authorised intermediary such as the authorised foreign branch of an Italian bank), the intermediary will withhold tax on any capital gain arising on the sale.

#### **Managed savings method**

If you opt to place your shares in the custody of an authorised intermediary who manages investments on your behalf, the intermediary will withhold tax on the increase in value of your investment.

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

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

Tax is payable on any interest you receive on your savings at a flat rate of 26% (for 2020).

No social security is due on the interest payments.

You will be required to pay any tax due on the interest you receive via your tax return directly to the tax authorities by 30 June following the end of the relevant tax year.

## **2. Reporting requirements**

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

Your annual tax return should normally be submitted to the Italian tax authorities by 30 June (or if you file your return online, by 30 September) of the year following the year in which the taxable event arose.

## Share options

You will not be required to report the taxable income arising following the exercise of your options in your annual tax return as your employer will withhold any taxes payable in respect of your options, unless you have a general obligation to file a tax return.

However, you are required to report any capital gain arising from the sale of your shares on your annual tax return if you have chosen to pay tax via your annual tax return.

If you have opted to pay tax via an Italian financial intermediary (using either the *Administered savings method* or the *Managed savings method*) you have no reporting obligations when you actually sell your shares.

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

You will be required to report any interest received on your annual income tax return for the relevant year, unless the tax payable has been withheld by an Italian financial intermediary.

## Foreign Assets Reporting

You are also required to report any financial assets and/or investments held abroad at 31 December each year on your “RW form”, which forms part of your annual tax return, for IVAFE purposes.

You will therefore be required to report:

- any cash you hold in a savings account outside Italy;
- any vested but unexercised share options you still hold at 31 December (if the market value of the underlying shares at 31 December is higher than the exercise price); and
- following exercise, any Experian shares you hold at any point in the relevant year.

# 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 on exercise:

- Share options were granted with an exercise price of £15;
- The normal 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 on exercise;
- Maximum tax rates apply.

<b>Gain per share on exercise</b> (£25 normal value price - £15 exercise price)	<b>£10</b>
<b>Total gain realised on exercise</b> (100 shares x £10 gain per share)	<b>£1,000</b> Your employer will communicate this to you.
<b>Income tax payable</b> (£1,000 x 43%)	<b>£430</b>
<b>Social tax payable</b>	<b>N/A</b>
<b>Net proceeds**</b> (100 x £25) – 430	<b>£2,070</b>
**without considering any brokerage costs	

*\*Based on an employee who pays income tax at the top marginal rate of 43% (not considering any regional and municipal tax liability that may arise on exercise as well).*

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 shares (after selling costs and tax has been deducted) will be delivered to you as a share certificate.

The funds withheld by Equiniti 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).