Experian plc
International Sharesave

Employee Guide – New Zealand

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 New Zealand entity of Experian and that you are resident and domiciled in New Zealand, 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 *not* be required to withhold income tax via payroll at exercise.	Yes, unless total interest paid by Experian during the year does not exceed NZD 5,000.
Does a social security liability arise?	No	No
Are there any reporting requirements for my employer?	Yes	Yes
Are there any reporting requirements for me?	Yes	No, unless your employer does not register to operate withholding and your interest income exceeds NZD 5,000.

Employee actions

	Action required	Due date
Annual tax return	If the employer does not operate income tax withholding on the interest and/or option gain, you will be required to report the options through your annual tax return and pay the tax due. The total interest paid on your savings will also need to be reported in your income tax return. If you hold foreign share investments (including any Experian shares) for which the aggregate cost exceeds NZD 50,000, you should also report your FIF income (as calculated under the FIF regime) in your annual tax return.	by 7 July following the end of the relevant tax year (31 March). This can be extended to 31 March in the following year, if you have an accountant / tax agent prepare your return and "extension of time" arrangements are in place.
Payment of tax	If the employer does not operate income tax withholding, you are required to pay income tax and any surcharges on your option gain and any interest you earn on your savings and on any capital gains (on sale) via your annual tax return.	7 February following the 31 March year end (or 7 April if you are on a tax agency list, has an accountant / tax agent prepare your return and "extension of time" arrangements are in place).

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, income tax is payable on any interest you may receive on your savings, at the time that this is credited to your account. Income tax is payable at your marginal rate.

No social security (ACC levy) is due on any interest that you receive.

Income tax is payable on any interest you receive at your marginal rate of income tax. If Resident Withholding Tax (RWT) has been deducted by Experian from your interest payment, you may claim this as a credit against your final tax liability. If your employer does not register for and operate RWT, your employer would need to advise you of the interest that has been paid on your savings, and that a tax return may need to be filed (unless the total interest paid by Experian during the year does not exceed NZD 5,000).

Generally, income tax on any interest would be payable at the time when the interest is credited to your account (i.e. generally at the end of the savings period).

However, if you have annual income from a financial arrangement (e.g. cash deposits, term deposits or bonds) exceeding NZD 100,000, or you are a party to financial arrangements where the total value exceeds NZD1 million at any point during the year, you may need to pay income tax on the interest as it is accrued. If you consider that you may fall into this scenario, we recommend that you obtain professional advice.

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.

Income tax will be payable at your marginal rate when you exercise your option.

The taxable amount will be the difference between the fair market value of the shares at exercise and the exercise price.

The “fair market value” of the shares at exercise should be determined according to one of the following methods specified by the New Zealand tax authorities:

a) The closing price of an Experian share on the exercise date; or
b) The Volume Weight Average Price (VWAP), which is calculated using the price over the last five trading days (inclusive of the exercise date).

Alternatively, if you sell your shares on the date of exercise, the actual sale proceeds can be used instead. As the proceeds are in a foreign currency (GBP), the New Zealand dollar equivalent should be calculated by applying the close of trading spot rate on the sale date.

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

No social security (ACC levy) will be payable in relation to your options.

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

If the FIF regime does not apply (see Foreign Asset Reporting below), there should generally be no tax payable on the sale of your shares. However, if you are considered to be a 'share trader' or if the shares were acquired with the dominant purpose of resale, any capital gain arising from the sale of shares may be taxable.

If the FIF regime applies, tax on any gains would be calculated in accordance with the FIF regime.

Interest paid to you at the end of savings period

1.7 **Will I have to pay tax on if I receive any interest on my savings?**

As the interest should be paid to you net of tax (i.e. the interest has had RWT withheld), you should not have any further tax to pay in relation to the interest provided the correct rate of RWT has been applied. See further details above, under 1.3.

2. Reporting requirements

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

Your employer will be required report the taxable amount at exercise to the New Zealand tax authorities.

As your employer will not have operated tax withholding on the options, you will be required to report the options through your annual tax return and pay the tax due. The total interest paid on your savings will also need to be reported in your income tax return at exercise.

Your annual tax return should be submitted to the tax authorities by 7 July following the end of the relevant tax year (31 March). This deadline can be extended to the following 31 March where you have an accountant / tax agent prepare your return and extension of time arrangements are in place.

Share options

You should pay any outstanding tax due by 7 February following the end of the tax year (31 March). This payment deadline can be extended to 7 April where you have an accountant / tax agent to prepare your return and "extension of time" arrangements are in place.

You may also be required to make provisional tax payments depending on your level of income. You are considered to be a provisional taxpayer if your residual income tax liability is more than NZD 2,500 for a particular tax year. It is recommended that you seek independent tax advice if you are a provisional taxpayer.

Interest paid to you at the end of savings period

As the interest should be paid to you net of tax (i.e. the interest has had RWT withheld), you should not have any further tax to pay in relation to the interest provided the correct rate of RWT has been applied.

Foreign Assets Reporting

If you hold in aggregate, foreign equity investments for which the aggregate cost exceeds NZD 50,000, they will be subject to New Zealand's Foreign Investment Fund (FIF) regime. Under this regime, you will be required to pay additional income tax based on the value of your foreign investments.

For these purposes, FIF interests include foreign shares (e.g. Experian shares) and certain offshore pensions and life policy savings interests.

For Experian shares received following exercise of options under the International Sharesave, the "cost" (to determine whether the NZD 50,000 threshold is exceeded) would be the market value of the shares at exercise.

Where the NZD 50,000 threshold is exceeded, you will be taxed annually under one of two FIF approved income calculation methods, outlined below. You can choose which FIF income method is used to give the lowest tax result. Once calculated, FIF income will be taxed at your marginal rate of income tax.

The first method of determining FIF income is the "Fair Dividend Rate" (FDR) method which calculates FIF income as 5% of the market value (in NZD) of FIF investments you hold at the beginning of the tax year (i.e. 1 April). You will also have to take into account an additional amount if you acquire shares and sell them in the same tax year ("quick sales") – the additional amount will be the lower of the actual gain on sale and 5% of the cost of shares sold. If you acquire shares during the tax year and do not sell them that year, those shares are not included in the FDR calculation until the following tax year.

The second method of determining FIF income is the comparative value (CV) method which calculates FIF income as your actual gain (i.e. actual dividends received during the year plus the actual growth in the entire FIF portfolio).

If you are subject to the FIF regime, you should pay any additional tax due by 7 February following the end of the tax year (or by 7 April if you have an accountant / tax agent prepare your return and extension of time arrangements are in place).

We recommend that you obtain professional advice if you are subject to the FIF regime.

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:

- 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 elect to sell all your shares immediately upon exercise;
- 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 33%)	**£330**
Social tax payable (no social tax due)	**N/A**
Net proceeds** (100 x £25) - £330 ***without considering any brokerage costs*	**£2,170**

The mechanics of withholding and remitting the 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 the local employer in New Zealand.

Instead, it is your obligation to settle any income tax due on your share option gain via your annual tax return. 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.

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 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 that you should settle via your annual tax return (as explained above).