



Experian plc International Sharesave

Employee Guide - Singapore



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 Singaporean entity of Experian and that you are resident and domiciled in Singapore, 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	No
Does a social security liability arise?	No	No
Are there any reporting requirements for my employer?	Yes, at the year-end	No
Are there any reporting requirements for me?	Yes	Yes

Employee actions

	Action required	Due date
Annual tax return	You do not need to report the taxable amount at exercise (or any other employment income) again in your tax return as the IRAS should automatically include the relevant details provided by your employer in your income tax assessment. Your tax return should be submitted to the IRAS.	By 15 April (or 18 April if you file online), following the year in which the taxable event arose.
Payment of tax	You will be required to pay any income tax due on your option gain directly to the tax authorities, in the same manner as your other employment income.	Any income tax due will be payable within one month from the date of issuance of the NOA by the IRAS.

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 but choose to receive my savings in cash?

No, there is no tax payable if you choose to receive your savings in cash.

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

Yes, income tax will be payable at your marginal tax rate 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 may apply to the Inland Revenue Authority of Singapore (IRAS) for the deferral of tax payments for up to five years. You should make such an application at the time you file your income tax return for the year of exercise. Any tax deferred is subject to an interest charge, which is based on the average of the prime interest rate offered by the “Big Three” banks in Singapore.

While each application for tax deferral will be considered on a case-by-case basis, the IRAS will generally approve an application, provided you satisfy the following conditions:

- you are employed by Experian in Singapore at exercise;
- your Singapore tax liability is not borne by your employer;
- you are not an undischarged bankrupt;
- the tax to be deferred is more than S\$200;
- you have a good tax record (as determined by the IRAS); and
- you are not granted Area Representative Status.

However, should your circumstances change following exercise (e.g. you are sent on an overseas assignment), tax and interest may become payable before the end of the agreed deferral period.

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

No CPF contributions should be payable on the gains from your options granted under the Plan.

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

Generally, there should be no tax payable in Singapore on the sale of your shares.

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?

Interest income derived by an individual from the deposit of money in any standard savings, current and/or fixed deposit account with an approved Singapore bank or listed finance company in Singapore will be exempt from tax in Singapore. Any established bank in Singapore will be considered as an approved bank.

Savings are currently held in a bank account in the name of Experian, which does not generate any interest.

2. Reporting requirements

2.1 Do I have any reporting requirements?

Your employer will report the taxable amount at exercise to the IRAS.

You do not need to report the taxable amount at exercise (or any other employment income) in your tax return as the IRAS should automatically include the relevant details provided by your employer in your income tax assessment.

Your tax return should be submitted to the IRAS by 15 April (or 18 April if you file online), following the year in which the taxable event arose, unless you receive a notification from the IRAS that you are under the No Filing Service (NFS) Scheme. The IRAS will then review your return filed and issue you with a NOA.

As stated above, any income tax due will be payable within one month from the date of issuance of the NOA by the IRAS, unless you have made arrangements to pay tax by the interest-free monthly GIRO instalment scheme.

Share options

You will be required to pay any income tax due on your option gain directly to the tax authorities, in the same manner as your other employment income.

Tax is payable within one month from the date of issuance of the Notice of Assessment (NOA) issued by the IRAS. You may also elect to pay your taxes via monthly interest-free instalments (i.e. GIRO instalments).

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 22%)	£220
Social tax payable (no social tax due)	N/A
Net proceeds** (100 x £25) – £220 <i>**without considering any brokerage costs</i>	£2,280

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 Singapore.

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).