

## SUMMARY OF EMPLOYEE (EE) SHARE AWARDS

### Description of scheme

Basic share award	Unapproved share option schemes	Restricted share awards	SAYE schemes	Approved profit-sharing schemes	KEEP
<p>An award of shares to employees either free of charge or at a discounted price.</p> <p>Note that where shares are issued at undervalue, there is a dilution of the value of the existing shareholders. Where a person who controls a company exercises his control over shares so that value passes out of shares owned by him, he is deemed to have made a part-disposal of the shares.</p>	An option to purchase shares company at a future date at a fixed price (the option price).	Shares are awarded (usually under an unapproved share option scheme), subject to a restriction on disposal for a fixed period.	<p><b>Stage 1</b> Employee agrees to save a fixed monthly sum for a pre-determined period of three, five or seven years. They are granted share options on the basis of the amount they agree to save.</p> <p><b>Stage 2</b> At the end of the savings period the employee has option of using the proceeds to buy some or all of the shares covered by option.</p>	Can convert a profit-sharing bonus into shares. An employee may also voluntarily apply a percentage of his/her basic gross salary towards the purchase of shares. This is called 'salary foregone' and the amount cannot exceed 7.5% of the salary or 100% of the employer-funded bonus, whichever is lower. The shares are held in trust for a minimum of two years.	An option to purchase shares in company at a future date at a fixed price (the option price).

### Does the scheme have to be offered to all employees?

Basic share award	Unapproved share option schemes	Restricted share awards	SAYE schemes	Approved profit-sharing schemes	KEEP
No	No	No	Yes, but company can set a min period of qualifying employment (not exceeding three years)	Yes, but company can set a min period of qualifying employment (not exceeding three years)	No

## Employers PRSI payable

Basic share award	Unapproved share option schemes	Restricted share awards	SAYE schemes	Approved profit-sharing schemes	KEEP
No	No	No	No	No	No

## Immediate tax liability for employee

Basic share award	Unapproved share option schemes	Restricted share awards	SAYE schemes	Approved profit-sharing schemes	KEEP
<p>Treat as notional pay – income tax (IT), USC and employee PRSI payable.</p> <p>If awarded free of charge, notional pay is market value of shares.</p> <p>If awarded as a discounted price, notional pay is the difference between the amount paid for the shares and the market value of the shares.</p>	<p>Immediate tax liability on grant (ONLY if a long option seven years), treat as notional pay so IT, USC and EE PRSI payable.</p> <p>Later tax liability - on date of exercise, (when EE actually acquires shares), again IT, USC and EE PRSI will be payable but credit given on any tax already paid on grant.</p>	<p>Treated as notional pay so IT, USC and EE PRSI payable but on a reduced basis (abated amount) depending on restriction.</p>	<p>The return on savings is tax-free (ie exempt from IT, DIRT, PRSI and USC).</p> <p>On date of exercise (when employee actually acquires shares), USC and EE PRSI will be payable.</p>	<p>Only USC and PRSI and <u>not</u> IT on the grant of the shares. Will avoid IT, USC and PRSI when shares transferred to him from trust if they held in trust for three years, otherwise taxed on lower of Sales proceeds or MV of shares when acquired by EE.</p>	None

## Tax liability on disposal

Basic share award	Unapproved share option schemes	Restricted share awards	SAYE schemes	Approved profit-sharing schemes	KEEP
CGT on difference between disposal proceeds and market value on date they were originally awarded to employee.	CGT on difference between disposal proceeds and market value on date they were originally awarded to employee, (date of exercise).	CGT on difference between disposal proceeds and abated amount on date they were originally awarded to employee, (date of exercise).	CGT on difference between disposal proceeds and option price on acquisition.	CGT on difference between disposal proceeds and base cost of shares.	CGT on difference between disposal proceeds and base cost of shares.

**Limit imposed**

<b>Basic share award</b>	<b>Unapproved share option schemes</b>	<b>Restricted share awards</b>	<b>SAYE schemes</b>	<b>Approved profit-sharing schemes</b>	<b>KEEP</b>
No	No	No	€500 per month	€12,700 per EE p.a.	€100,000 per employee p.a / €300,000 lifetime limit./100% of emolument in year option is granted.