

TAX TREATMENT OF RESTRICTED STOCK & RSUS NORWAY



	EMPLOYEE	EMPLOYER
GRANT DATE	<p>Restricted Stock: Taxed on grant. The market value of shares on grant will be treated as employment income and subject to both tax and social security.</p> <p>Restricted Stock Units (RSUs): No tax consequences.</p>	No corporate tax consequences.
VESTING DATE	<p>Restricted Stock: No tax consequences.</p> <p>RSUs: Subject to tax on vesting. The market value of shares on vesting will be treated as employment income and subject to both tax and social security.</p>	No corporate tax consequences.
WITHHOLDING & PAYMENT OF TAX	The employee's income tax liability and social security on grant/exercise is subject to withholding by the employer.	The employer has a monthly withholding obligation for both tax and social security.
SOCIAL SECURITY	<p>Restricted Stock: Employee social security will be due on the market value of the shares at the date of grant and is uncapped.</p> <p>RSUs: Employee social security will be due on the market value of the shares on vesting and is uncapped.</p>	<p>Restricted Stock: Employer social security will be due on the market value of the shares at the date of grant and is uncapped.</p> <p>RSUs: Employer social security will be due on the market value of the shares on vesting and is uncapped.</p>
REPORTING	<p>The grant of Restricted Stock, vesting of RSUs and any gain on the sale of shares must potentially be reported on the individual's annual tax return.</p> <p>Annual tax returns must be submitted by 30 April each year.</p>	Employers are required to report all employee stock option activity to the tax authorities on an annual basis.
SALE OF SHARES	<p>Any gain on the sale of the shares will be subject to capital gains tax.</p> <p>The sale of shares is reported and capital gains tax paid through the individual's annual tax return.</p>	No corporate tax consequences.

For further information and to register for future updates contact:

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Defined terms used in this summary:

Restricted Stock - Issued shares transferred to employees on the date of grant which are typically subject to restrictions on sale or forfeiture for example if performance targets are not met.

Restricted Stock Units - Awards where employees receive a right to acquire shares. Shares are only issued following vesting and attainment of performance targets, if applicable.

Information contained herein is intended to reflect present law and provides only a general outline of the subjects covered. Material discussed herein is meant for general informational purposes only and should not be relied on as professional advice. As such you should consult your own tax advisor regarding your specific tax matters.

This summary has been prepared on the basis that employees are resident in Norway throughout the period from grant of stock awards until the shares are sold and that the employee is employed by a local employer in Norway, which is a subsidiary of an overseas parent. The potential tax consequences may vary greatly depending on your company's equity plan's design, administration, as well as many other factors.

Should you have a need for a trusted advisor in this area, please contact BDO's Global Equity team.

This information is current as of August 2016.

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TAX TREATMENT OF RESTRICTED STOCK & RSUS

NORWAY

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IS A CORPORATION TAX DEDUCTION AVAILABLE?	<p>A corporation tax deduction is more likely to be available if there is a written recharge arrangement in place between the parent company and the Norwegian subsidiary.</p> <p>Provided that required conditions are met, the employing company will generally be able to claim a deduction equivalent to the company cost.</p>
"QUALIFYING" PLANS AVAILABLE?	<p>There are no specific Restricted Stock/RSU share option plans that provide beneficial tax treatment.</p> <p>However a small tax benefit may be obtained if Restricted Stock/RSUs are granted to all employees on the same terms. Where the conditions are met, the taxable benefit on acquisition can be reduced by 20% but is limited to a maximum of NOK1,500 per employee. In practice the use of these plans is not widespread due to the limited tax benefits.</p>
INTERNATIONALLY MOBILE EMPLOYEES	<p>The above summary has been prepared on the basis that employees are resident in Norway throughout the period from grant of the stock award until the shares are sold.</p> <p>The rules for internationally mobile employees are complex and there are specific sourcing rules applicable to individuals arriving in or leaving Norway whilst holding stock awards. Norway broadly sources equity income based on the individual's residence status and time spent during vesting. The tax position for employees will be dependant on the employee's personal circumstances, employment contract status and period of residence in Norway. An exit charge may potentially be applied for employees holding high value share awards. It is highly recommended that advice is sought on an individual case by case basis.</p>
OTHER POINTS FOR CONSIDERATION	<p>This summary is provided by BDO for informational purposes only to provide an outline of the general tax and social security position based on current tax law.</p> <p>There are also a number of legal and regulatory issues to consider on the implementation of any employee equity plan including, but not limited to, employee entitlement claims, exchange controls, securities restrictions, prospectus requirements and data protection regulations. We recommend that legal advice is obtained prior to the implementation of any employee equity plan.</p> <p>As an example companies with more than 50 employees may be required to consult employee representatives on any share option plans to the extent they affect employment agreements.</p>
KEY ACTION POINTS	<ul style="list-style-type: none"> ✓ Employers are responsible for the withholding of tax and social security on the exercise of employee equity awards. Companies should review their systems to ensure that they are sufficiently robust to be able to capture, process and report Restricted Stock grants and RSU vests through the payroll. ✓ There are specific rules applicable for Internationally Mobile Employees holding equity in Norway. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Norway whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.