

TAX TREATMENT OF STOCK OPTIONS

UNITED ARAB EMIRATES



POINTS FOR CONSIDERATION

Generally there are decrees covering corporate tax in the UAE, but their enforcement has been limited to foreign banks and foreign oil companies only. There is also no personal income tax, no capital gain tax, no withholding taxes, no payroll taxes or pre-set limits for distribution of profits in the UAE. It is recommended that this information be confirmed, as it applies on a case by case basis.

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.

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.

KEY ACTION POINTS

- ✓ Confirm any filing requirements that may exist in the United Arab Emirates on a case by case basis.

For further information and to register for future updates contact:

globalequity@bdo.com

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 the United Arab Emirates throughout the period from grant of stock options until the shares are sold and that the employee is employed by a local employer in the United Arab Emirates, 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.

www.bdo.global



© Brussels Worldwide Services BVBA 2016

Service provision within the international BDO network of independent member firms ('the BDO network') is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium. Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BVBA and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO member firms.