

TAX TREATMENT OF STOCK OPTIONS

AUSTRIA



	EMPLOYEE	EMPLOYER
GRANT DATE	No tax consequences (if the options are non-transferable).	No tax consequences (if the options are non-transferable).
VESTING DATE	No tax consequences (if the options are non-transferable).	No tax consequences (if the options are non-transferable).
EXERCISE DATE	Income tax arises on the spread at exercise.	No tax consequences.
WITHHOLDING & PAYMENT OF TAX	The employee's income tax liability on exercise is subject to withholding by the employer.	Where income tax is payable it must be withheld and remitted to the tax authorities with the regular tax payments.
SOCIAL SECURITY	The employee's liability to social taxes is subject to withholding by the employer up to a certain threshold.	Employee social taxes must be withheld and must be remitted to the social security authorities together with the employer's social taxes with the regular payments.
REPORTING	The employee does not need to report income from the exercise of options on their personal annual tax return if tax has been withheld.	The employer must report certain information regarding share options in the notes of the financial statements annually. Additionally, there are certain reporting requirements for listed companies upon granting and upon exercising.
SALE OF SHARES	Shares acquired on or after April 1, 2012 are subject to tax at sale irrespective of any holding period or percentage of shareholding.	No tax consequences.

For further information and to register for future updates contact:

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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 Austria throughout the period from grant of stock options until the shares are sold and that the employee is employed by a local employer in Austria, 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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IS A CORPORATION TAX DEDUCTION AVAILABLE?	If the subsidiary reimburses the cost of the share plan benefits to the parent company pursuant to an inter-company recharge agreement, it should be able to deduct the cost.
"QUALIFYING" PLANS AVAILABLE?	A favorable tax regime may apply provided certain requirements are fulfilled. Under certain conditions, capital gains deriving from non-transferable share options are not taxable up to certain amounts. The tax exemption depends, amongst other things, on the relevant amount and to whom the share option is granted.
INTERNATIONALLY MOBILE EMPLOYEES	<p>The above summary has been prepared on the basis that employees are resident in Austria throughout the period from the grant of the share option until the shares are sold.</p> <p>The rules for internationally mobile employees are complex and there are specific rules applicable to non-resident individuals. Generally, Austria will have the right to tax the gain if there is a link between the option which the employee has received and the work of the employee performed in Austria. Austria broadly sources equity income based on the period between grant and exercise. It is highly recommended that advice is sought on an individual by individual 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>
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 share options. Companies should review their systems to ensure that they are sufficiently robust to be able to capture, process and report share option exercises through the payroll.✓ There are specific rules applicable for Internationally Mobile Employees holding equity in Austria. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Austria whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.