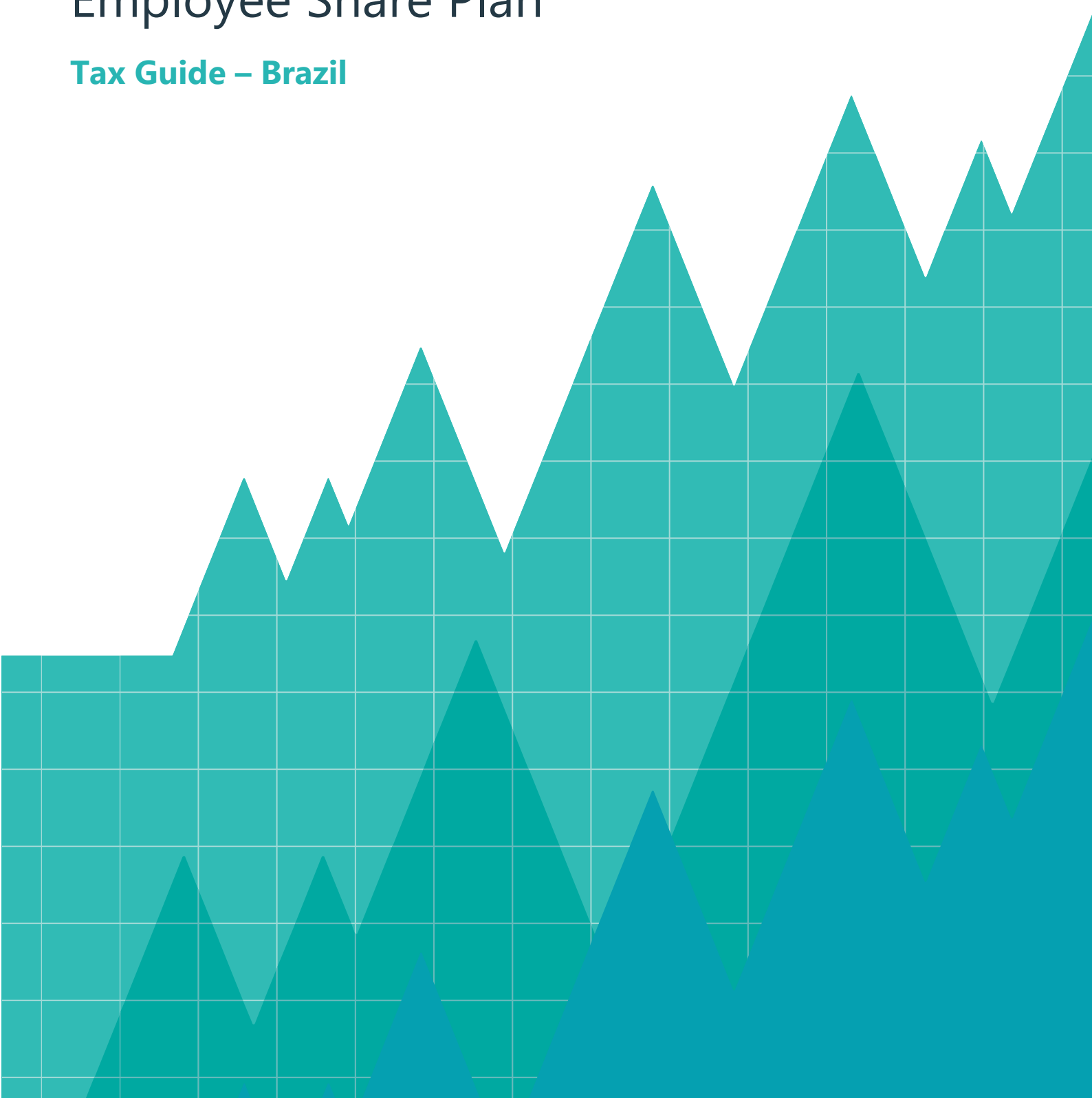


Wood Guidance

# Employee Share Plan

Tax Guide – Brazil



## Wood Guidance Employee Share Plan Tax Guidance – Brazil Employees

*This information is for guidance only and may differ according to your personal circumstances. Other than in the “Income tax and social security for mobile employees” section below, it assumes that for tax purposes you are a domiciliary, national and resident of Brazil and have been/will be at all material times – i.e. from the date on which you purchase your first shares in the Plan until the end of the Plan period 24 months later – this is known as the Holding Period.*

*The “Income tax and social security for mobile employees” section outlines the tax treatment for your shares if you have spent time working outside Brazil – for these purposes it is assumed that you are tax resident in the respective countries where you are working at the relevant times.*

*This is not tax advice tailored to your personal situation. If you require confirmation of your personal tax position, you should contact a professional tax advisor.*

*This information is understood to be correct as at 6 November 2018. Any future changes to legislation or tax rates may affect this information.*

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### Income tax and Social security

*Will I have to pay income tax or social security in respect of my Shares?*

The table below sets out the point at which tax will be paid, and the taxable amount for the shares received, under the Plan:

Income tax and social security		
	Point at which tax will be paid	Taxable amount
<b>Purchased Shares</b>	No income tax or social security will apply.	N/A
<b>Matching Shares</b>	Income tax and social security will be payable when your Matching Shares are delivered to your personal holding account following the end of the Holding Period. This is known as the Delivery Date.	The amount subject to income tax will be the market value of the shares on the delivery date. Social security will also be payable on the amount which is subject to income tax.
<b>Dividend Shares</b>	You will be taxed upon receipt of the cash dividend used to acquire Dividend shares.	The amount subject to tax is the income is the cash dividend received to acquire the dividend shares.

*How do I pay the income tax and social security due in respect of my Shares?*

Your employer will not withhold the income tax and social security payable on the Matching Shares. Your employer will **not** withhold any income tax due on the dividend income used to acquire the Dividend Shares. You are responsible for any income tax due on the dividend income.

### Income tax and social security for mobile employees

*Will I have to pay income tax or social security in respect of my Shares if I have only spent a portion of the Holding Period working in Brazil?*

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If you are tax resident in Brazil at the delivery date of the Matching Shares, your matching shares will be taxable in Brazil on the entire gain. However, you may benefit from exemption with progression or from a foreign tax credit in Brazil (FTC) for the portion of the gain which corresponds to duties performed outside of Brazil, provided an international tax treaty has been signed between Brazil and the other country in which the individual has performed his duties.

Where you are a non-Brazilian tax resident at the delivery date of the Matching Shares, the Matching Shares will be taxable in Brazil on the portion of the gain relating to duties performed in Brazil.

Based on the OECD position for awards and on a tax guideline issued by the Brazilian tax authorities, the award gains should be allocated on a prorata basis on an acquisition to delivery basis (based on the number of days of the employee assignment in Brazil (worked days and non-worked days) during the holding period).

*How do I pay the income tax and social security due in respect of my Shares?*

Your employer will not withhold the income tax or social security payable on the Matching Shares. You should report any income from your Matching Shares, see below.

### Sale of shares

*Will I incur a further tax liability when I sell my Shares?*

You may be liable to pay capital gains tax on any gains arising when you sell your shares. The taxable gain is calculated as the difference between your sale proceeds and the total of: (i) the amount that you paid for the shares (for your Purchased Shares and Dividend Shares) and (ii) any amount previously subject to income tax (for your Matching Shares).

Current legislation exempts from tax the first BRL35,000 per month.

You are responsible for reporting any chargeable gains and paying any tax due via your personal tax return (see below).

### Reporting

*Will I have any reporting requirements?*

Yes, the taxable amount from your Matching Shares should be reported on your annual tax return. You should also report any dividends received, capital gains realised during the tax year and any foreign assets you hold valued at USD 100,000 or more.

You will be responsible for paying any tax arising from your shareholding through monthly payment vouchers known as *cartão-leão*. The details of such payments must also be reported in your annual income tax return.

**Report name:** (i) annual income tax statement; (ii) monthly payment vouchers (*cartão-leão*); and (iii) foreign asset reporting is made electronically through the Central Bank website.

**Tax period:** (i) the tax year is 1 January to 31 December; (ii) foreign dividend income (and some other non-salary income, as described above) is subject to taxation through the monthly payment voucher system (*cartão-leão*); (iii) foreign assets are reported annually based on the value of the assets on 31 December.

**Reporting deadline:** (i) the annual Income Tax Statement must be filed by 30 April (or the last business day in April) of the following year. Returns must be filed either online on the tax authority's website or through the Filing Tax Return Program (Fazer Declaração); (ii) the monthly payment voucher (*cartão-leão*) must be paid on or before

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the last business day of the month in which the income was earned; (iii) the foreign asset report must be filed by 5 April.

### Appendix – relevant tax rate summary

This appendix sets out the relevant tax rates in Brazil, for the tax year ending 31 December 2018

Income tax		
	Maximum effective tax rate	Notes
Income tax	27.5%	Personal income tax rates range from 0% to 27.5% (progressive rates). For personal income, the maximum rate applies to annual income over approximately BRL 55,980.

Social security		
	Maximum effective rate	Notes
Social security	11%	Rates range from 8% to 11%

Dividends and capital gains tax		
	Maximum effective tax rate	Notes
Dividends	27.5%	As John Wood Group PLC is a foreign entity, tax is due on the value of dividends received and must be paid by the last business day of the month following the payment of the dividend.
Capital gains tax	27.5%	Capital gains recognised by Brazilian individuals are subject to individual income tax at progressive rates from 15% up to 22.5% (the maximum rate applies for gains over BRL30,000,000). Sale proceeds up to BRL35,000 per month are exempt.