

Wood Guidance

Employee Share Plan

Tax Guide – Norway



Wood Guidance Employee Share Plan Tax Guidance – Norway 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 Norway 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 mobile employees” section outlines the tax treatment for your shares if you have spent time working outside Norway – 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.

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
Purchased Shares	No income tax or social security will apply.	N/A
Matching Shares	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.
Dividend Shares	You will be taxed upon receipt of the cash dividend used to acquire Dividend Shares. No social security will be payable on this amount.	The amount subject to income tax is the cash dividend received and used to acquire the Dividend Shares.

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

Your employer will withhold the income tax and NIC 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.

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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 Norway?

The tax treatment for the Purchased Shares and Dividend Shares is generally the same as specified above. For Matching Shares, the amount subject to income tax will be the market value of the shares on the Delivery Date. According to domestic legislation, an apportionment of the income from your award is generally not permitted when determining the amount of taxable income. However, an apportionment might be permitted under a double tax treaty. When apportionment is permitted under a double tax treaty, the amount subject to income tax will be apportioned based on your Norway workdays during the Holding Period.

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

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

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).

An exemption calculated on an annual basis per share is available against dividend income. Any unused annual exemption may be rolled forward and set off against future dividends on the same shares or can be set off against any capital gain when the shares are sold.

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 will be prepopulated in your tax return, however, it is your responsibility to make sure that the information is correct and to make any corrections required. You should also report any dividends received or capital gains realised during the tax year.

After the Delivery Date, you should also report your share ownership in your tax return for wealth tax purposes.

The filing deadline is 30 April following the end of the tax year

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Appendix – relevant tax rate summary

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

Income tax		
	Maximum effective tax rate	Notes
Income tax	38.4%	<p>The ordinary tax rate is 23% which covers all taxable income.</p> <p>A further state tax on salary income is assessed on earned income exceeding certain thresholds:</p> <p>1.4% on income between NOK 169,000 & NOK 237,900</p> <p>3.3% on income between NOK 237,900 & NOK 598,050</p> <p>12.4% on income between NOK 598,050 & NOK 962,050</p> <p>15.4% on income exceeding NOK 962,050</p>

Social tax		
	Tax rate	Notes
Social security	8.2%	Uncapped

Dividends and capital gains tax		
	Maximum effective tax rate	Notes
Dividends	30.59%	Dividends are subject to an upward adjustment factor of 1.33 to gross-up the ownership income before calculating the taxable gain. This results in an overall tax rate of 30.59% (being 1.33 x 23 ordinary tax rate).
Capital gains tax	30.59%	Capital gains are subject to an upward adjustment factor of 1.33 to gross-up the ownership income before calculating the taxable gain. This results in an overall tax rate of 30.59% (being 1.33 x 23 ordinary tax rate).