

## SOLVAY

### GERMANY: TAX SUMMARY: ESPP

*This note applies to Purchased Shares purchased, Matching Share Awards and Free Share Awards granted under the ESPP, is correct as at May 2022 and assumes that the employee is German tax resident and has been at all times from the purchase of the Purchased Shares, grant of Matching Share Awards and Free Share Awards to the vesting of a Matching Share Award or Free Share Award or sale of shares.*

*This information is provided for general guidance only and the actual tax consequences will depend on your own individual circumstances. If you are in any doubt as to your tax position, you should seek independent tax advice.*

#### **EMPLOYEE**

##### **1. Will I be taxed when I buy Purchased Shares?**

No – you will not have to pay any income tax, solidarity surcharge, church tax (if applicable) and social security contributions when you buy Purchased Shares.

##### **2. Will I be taxed when I am granted the Matching Share Award or Free Share Award?**

No – you will not have to pay any income tax, solidarity surcharge, church tax (if applicable) and social security contributions when you are granted a Matching Share Award or Free Share Award.

##### **3. Will I be taxed when the Matching Share Award or Free Share Award vests?**

Yes - you will need to pay income tax, solidarity surcharge, church tax (if applicable) and social security contributions on the market value of the shares you receive on vesting of your Matching Share Award or Free Share Award. Your employer will withhold the income tax, solidarity surcharge, church tax (if applicable) and social security contributions due.

For the 2022 tax year:

1. income tax applies at progressive rates of up to 45%;
2. solidarity surcharge applies at a rate of 5.5% on income amounts up to €16,956 (or €33,912 in the case of spouses assessed together);
3. church tax (if applicable) applies at a rate of 8% to 9%; and
4. employee social security contributions apply at a rate of c.40%, split almost equally between the employee and the employer, on income amounts up to €84,600 for West German states and €81,000 for East German states.

##### **4. Will I be taxed when I sell my shares?**

If the sale proceeds on the sale of your shares exceed the market value of the shares on the date you received them, you will need to pay a flat tax rate of 25% plus a solidarity surcharge on the income tax due of 5.5% and a church tax on the income tax due of 8% to 9%, if applicable, on the difference between the market value of the shares (i) at vesting for Matching Share Awards and Free Share Awards and (ii) at purchase for Purchased Shares, and the market value of the shares on sale.

Your employer will not have to withhold any tax due and it is your responsibility to pay and report this.

##### **5. Will I be taxed when I receive my dividends?**

Dividends will be paid on your Purchased Shares and they are subject to income tax, employee social security contributions, church tax (if applicable) and the solidarity surcharge at the applicable rates when they are paid.

For the 2022 tax year, dividends will be subject to income tax as investment income at a fixed rate of 25% plus the solidarity surcharge of 5.5% and church tax (if applicable) between 8% and 9%.

Your employer will not have to withhold any tax due and it is your responsibility to pay and report this.

If any tax is withheld in Belgium in respect of your dividend, then to avoid any double taxation, a tax deduction or tax credit may be available if your country has a double tax treaty with Belgium. You will need to apply to your tax authority to claim the tax deduction or tax credit.