

## SOLVAY

### INDIA: 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 Indian 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 or 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, social security contributions, surcharge or health and education cess 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, surcharge and health and education cess (but not social security contributions) on the market value of the shares you receive on vesting of your Matching Share Award or your Free Share Award. Your employer will withhold the income tax, surcharge and health and education cess contributions due.

For the 2022/23 tax year:

1. income tax rates are 0% for income up to Rs. 2,50,000, 5% for income between Rs. 2,50,000 and Rs 5,00,000, 20% for income between Rs. 5,00,000 and Rs. 10,00,000, and 30% for income above 10,00,000;
2. the surcharge applies at a rate of 10% on income between Rs 50,00,000 and 1,00,00,000, 15% for income above 1,00,00,000, 25% for income above 2,00,00,000 and 37% for income above 5,00,00,000; and
3. health and education cess applies at a rate of 4% for income above 2,50,000.

##### **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 capital gains tax 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.

Long term capital gains tax applies at the rate of 20% (as increased by applicable surcharge and education cess) if the sale takes place at least 24 months after the acquisition date.

Short term capital gains tax would be added to your income and tax would be payable at the marginal income-tax rates applicable, if the sale takes place within 24 months after the acquisition date.

Your employer will not withhold any capital gains tax due and it is your responsibility to pay and report this in your annual income tax return.

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

Dividends will be paid on your Purchased Shares and they are taxable as 'salary income' at the applicable rates (see above) when they are paid.

Your employer will not withhold any tax due on dividends 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.