

## SOLVAY

### PORTUGAL: 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 a Portuguese 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 personal 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 personal income tax or 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 personal income tax on the market value of the shares you receive on vesting of your Matching Share Award or Free Share Award. Your employer will not withhold the personal income tax due.

For the 2022/23 tax year:

1. personal income tax is due at progressive rates from 14.5% up to 48%;
2. annual taxable income exceeding € 80,000 up to € 250,000 is subject to an additional solidarity tax at 2.5% and annual taxable income above € 250,000 is subject to an additional solidarity tax of 5%; and
3. employee social security contributions apply at the rate of 11%;

##### **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.

Capital gains are taxed as personal income tax at a rate of 28%, or at progressive rates between 14.5% and 48% if you elect to aggregate the capital gains with other categories of income.

Your employer will not withhold any capital gains 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 will be taxed at a rate of 28% when they are paid.

Your employer will not withhold any tax due on dividends and it is your responsibility to pay and report this to the Portuguese tax authority.

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.