

## SOLVAY

### SOUTH KOREA: 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 South Korean 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 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 income tax and social security contributions on the market value of the shares you receive on the vesting of your Matching Share Award or your Free Share Award. Your employer will withhold the income tax and social security contributions due.

For the 2022/23 tax year:

1. income tax rates range from 6.6% to 49.5% (including local income surtax). If you are a foreign citizen who is a Korean tax-resident, you may be entitled to a flat tax rate of 20.9% instead (including local income surtax); and
2. employee social security contributions apply at the rate of 8.9%.

##### **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.

Until 31 December 2022, capital gains tax will be payable at a flat rate of 22% on gains from all sources in excess of the personal annual exemption (i.e., KRW2.5 million per year (approx. €1,867)).

From 1 January 2023, capital gains tax will be payable at 22% if the capital gains are less than KRW300 million (approx. €223,846) and 27.5% on gains more than KRW300 million (approx. €223,846).

Your employer will not withhold any capital gains tax due and it is your responsibility to pay and report this to the Korean tax authority.

**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 when they are paid.

Your employer will not withhold any tax due on dividends and it is your responsibility to pay and report this in your final return of income to the Korean tax authority. The dividends will be considered global income and you must include this in your final return of income and pay the income tax due in May of the year following the year in which the dividends were paid.

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.