



JONES DAY COMMENTARY

EMPLOYEE STOCK PLANS: MID-YEAR INTERNATIONAL REPORTING REQUIREMENTS

This *Commentary* highlights some of the principal mid-year reporting requirements for employee stock plans that U.S. companies most commonly encounter when offering these programs to their employees in selected jurisdictions worldwide. A chart summarizing these items appears at the end of this *Commentary*. Please note that this *Commentary* does not address routine, year-end tax reporting obligations, nor does it cover equity-specific reporting requirements with deadlines that fall between January and May. For information about certain year-end reporting requirements, please see the Jones Day *Commentary* entitled “Employee Stock Plans 2010: Year-End International Reporting Requirements.” If you have any questions about these requirements or need any assistance, please do not hesitate to contact one of the Jones Day lawyers listed below.

AUSTRALIA

Tax Reporting for Equity Grants. Employers are subject to annual reporting requirements with respect to

all equity grants to Australian employees. By July 14, 2011, Australian employers must issue an Employee Share Scheme Statement to each employee who vested in an equity award in the prior tax year, and by August 14, 2011, the employer must file an Employee Share Scheme Annual Report with the Australian Taxation Office (“ATO”). To facilitate compliance, it is also recommended that employees be provided with a statement about their future reporting requirements.

INDIA

Exchange Control Report. Companies should be aware of the requirement for the Indian affiliate to file a statement with the Reserve Bank of India through the AD Category-I Bank, which provides details regarding the shares issued to residents of India during the prior fiscal year. This report should be filed on Form ESOP Reporting (Annex-B and Annex-C) of the Master Circular on Direct Investment by Resident in Joint Venture (JV)/Wholly Owned Subsidiary Abroad and must be submitted no later than July 31, 2011.

PORTUGAL

Tax Reporting for Stock Options/Restricted Stock Units/Purchase Rights. Article 119 of Portugal's Tax Code provides that issuers of equity awards made to employees in Portugal are subject to three reporting requirements, the third of which must be completed by June 30. By the last day of June of the year following the tax year in which income has been received from stock option exercises, the lapse of restrictions on RSUs, and stock purchases under an employee stock purchase plan, a company must file a Form 19 with the Ministry of Finance in Portugal. The Form 19 essentially discloses the existence of the company's various equity plans and reports certain data about the grants, such as the date of grant/purchase, the date of exercise/vesting, the date of forfeiture (if applicable), and the amount of income received from the exercise/vesting/purchase.

The other two requirements are due January 20 and on the last day of February, respectively. By January 20 of the year following the tax year in which income is received from stock option exercises, the lapse of restrictions on RSUs, and stock purchases under an employee stock purchase plan, a company must distribute information on the Current Registry to its employees who have exercised stock options, vested in RSUs, or purchased stock pursuant to an employee stock purchase plan in the applicable tax year. A company must also file a Form 10 with the Ministry of Finance in Portugal by the last day of February of the year following the tax year

in which income is received from equity awards. The Form 10 generally reports the amount of tax withheld from income received upon exercise, vesting, or purchase (among other sources of income) for Social Security purposes.

UNITED KINGDOM

Tax Reporting for Employee Share Arrangements. For each UK tax year, which runs from April 6 to April 5, UK employers are required to file a number of tax returns with Her Majesty's Revenue & Customs ("HMRC") that relate to equity grants made to their employees and the exercise or vesting of such rights.

By July 6, 2011, UK employers must file with HMRC an annual return of expenses and benefits provided to each employee on Form P11D (one per employee), which will include the value of stock vested in the employee during the 2010–2011 tax year. By the same date, UK employers must also file annual stock-related benefits reports with respect to stock options and other stock purchase rights that have been granted and/or exercised and/or vested in the 2010–2011 tax year. With respect to stock options/purchase rights granted under unapproved stock plans, the report must be filed on Form 42. With respect to rights granted under HMRC-approved stock plans, UK employers must complete the prescribed form for that particular type of approved plan (Form 34, 35, 39, or 40).

Country	Type of Report	Type of Awards Covered	Deadline
Australia	Tax Report	All equity awards	July 14, 2011 (Employee Statement) August 14, 2011 (Report to ATO)
India	Exchange Control Filing	All equity awards	July 31, 2011
Portugal	Tax Report	All equity awards	June 30, 2011
United Kingdom	Tax Report	Stock options and stock transfers	July 6, 2011 (Share Scheme and Benefit Returns (P11D, Form 42))

LAWYER CONTACTS

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