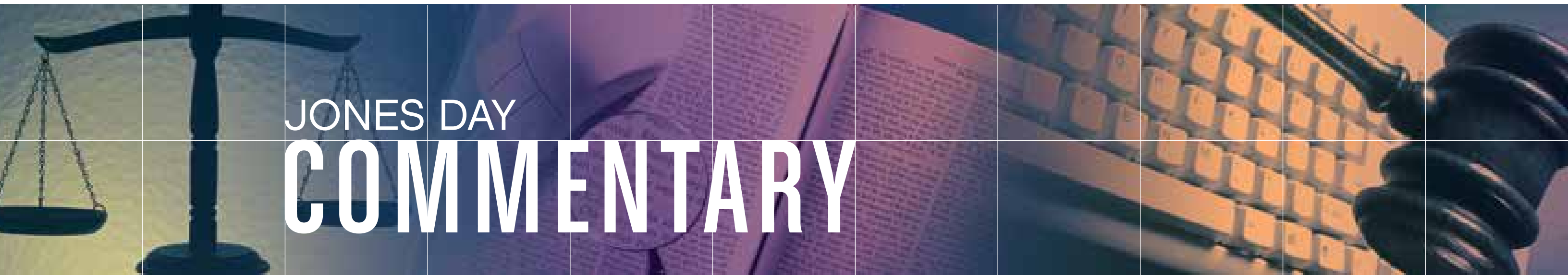
DECEMBER 2012



EMPLOYEE STOCK PLANS 2012: YEAR-END INTERNATIONAL REPORTING REQUIREMENTS

This *Commentary* highlights some of the principal calendar and year-end 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. 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. Employers are subject to annual reporting requirements with respect to all equity grants to Australian employees. By July 14, 2013, Australian employers must issue an Employee Share Scheme Statement to each employee who was granted an equity award that vested in the prior tax year (i.e., before June 30, 2013), and by August 14, 2013, the employer must file an Employee Share Scheme Annual Report with the Australian Taxation Office ("ATO"). However, if taxation is deferred until a subsequent tax year, reporting to employees and the ATO will most likely not be required for 2012–2013. In any event, it is recommended that employees be provided with a statement about future reporting requirements.

CANADA

Elimination of Tax Deferral Elections. Effective March 4, 2010, the Canadian federal government eliminated the deferral election for stock options and, by extension, the requirement to file a Form T1212. Canadian employees who filed deferral elections prior to such date and whose tax liability is greater than the benefit received upon sale of the stock received upon exercise, however, may receive special tax relief on stock sold before 2015. This treatment generally reduces the taxes payable on the proceeds of disposition from the optioned securities. In order to take advantage of this special tax relief, employees must make an election by the filing due date of their personal tax return for the year in which they sell their stock.

CHINA

Exchange Control Reports for Stock Options/Restricted Stock Units/Purchase Rights. For companies that have obtained SAFE registration for their equity plans in China, quarterly reports must be filed with the local SAFE officials detailing the company's equity plan activity (e.g., grants, exercises, share sales, and the balance of the designated foreign exchange account) during the previous quarter. The next report is due by January 4, 2013 (which is the third business day of the first quarter of the calendar year) for activity that occurred during the fourth quarter of 2012.

In addition, for those companies with SAFE approval that provides for a designated quota of foreign currency that may be transferred out of China (e.g., under an employee stock purchase plan), companies must renew their foreign exchange quota for the 2013 calendar year. This renewal request should be made annually by the Chinese affiliate that is authorized by its parent company outside of China to act as its local agent with respect to SAFE-related matters and should be filed by December 31, 2012.

FRANCE

Tax Reporting for French-Qualified Awards. French affiliates of companies that grant stock options and/or restricted stock units ("RSUs") to their employees in France that are tax-qualified under the French Commercial Code must fulfill certain tax reporting requirements by March 1, 2013.[1]

With respect to French-qualified stock options, the French affiliate must provide each employee, by March 1 of the year following the year in which an employee exercises his or her tax-qualified stock option, with a statement that provides (i) the French affiliate's corporate purpose, the location of its principal establishment, and/or the location of its registered office; (ii) the name and address of the employee, (iii) the exercise price of the exercised stock options; (iv) the number of shares acquired upon exercise of the stock options; (v) the date of grant and date of exercise of the exercised stock options; (vi) the acquisition gain realized upon exercise; and (vii) the excess amount of the discount at the time of grant of the exercised stock options, if the discount granted to the employee exceeds 5 percent of the average trading price for the 20 trading days preceding the date of grant. The French affiliate must also send a copy of this individual statement to the tax office where it files its corporate tax return before March 1 of the year following the year in which an employee exercises the stock option.

Starting in 2013, French affiliates must also provide employees with statements regarding their French-qualified RSUs. The RSU statements, which also must be delivered to both employees and the applicable tax office by March 1 of the year following the year in which an employee vests in his or her tax-qualified RSUs, generally require the same information as listed above for tax-qualified stock options, except that the data should be referenced from the vesting date for the RSUs.

If the applicable holding periods required for tax-qualified treatment are not observed, the statement must also include (i) the date of grant and the date of exercise/vesting of the award; (ii) the exercise price of the stock options, (iii) the date of sale of the shares acquired upon exercise/vesting; (iv) the number of shares sold; (v) the value of the shares at exercise/vesting; and (vi) the reason for the failure to observe the applicable holding period.

In addition, for French issuers, in the annual employer year-end declaration, the French employer will be required to report details regarding the exercise of French-qualified stock options and the vesting of French-qualified RSUs that occurred in the prior year.

Annual Report to Shareholders. If the French affiliate of the issuer company has annual shareholder meetings, the French affiliate should distribute a special report to its shareholders at its annual shareholders' meeting that

1 Among other things, equity awards are generally considered tax-qualified in France if they are granted pursuant to a special French sub-plan and meet special holding period and other requirements.

lists the French-qualified stock option and RSU grants that have been made to the 10 employees of the French affiliate who have received the most stock options and/or shares upon exercise/vesting of the awards as well as the corporate executives of the issuer company, its affiliates, and the affiliated companies of the consolidated group. If the French affiliate does not hold its own shareholder meetings, the French affiliate should still compile this report but retain it in its files rather than distributing it to shareholders.

INDIA

Tax Reporting for Stock Options/Restricted Stock/ Restricted Stock Units/Purchase Rights. Companies are required to withhold on the taxable gains from equity awards (at exercise for stock options, vesting for restricted stock and RSUs, and purchase for employee stock purchase plans). Companies are also required to issue a Tax Deducted at Source ("TDS") certificate to their employees by April 30, 2014 after the end of the tax year (March 31, 2013). Employees should use this certificate to file their annual tax return, which is due on July 31, 2013 (for employees not liable for a tax audit, *depending on annual income*) and September 30, 2013 (for employees liable for a tax audit).

In addition, the Indian affiliate is required to file TDS returns with the Indian tax authorities on a quarterly basis. Those returns, which are due by the 15th day following the last day of the relevant quarter, report details on all amounts withheld during the quarter, including those amounts withheld with respect to taxable gains. In respect of the sale of shares, employees will continue to be responsible for paying and reporting any applicable capital gains tax.

Exchange Control Report. Companies should also be aware of the requirement for the Indian affiliate to file a statement with the Reserve Bank of India ("RBI") 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 RBI Master Circular on Direct Investment by Resident in Joint Venture (JV) / Wholly Owned Subsidiary Abroad (dated July 1, 2011) and must be submitted no later than July 31, 2013.

IRELAND

Tax Reporting for Stock Options/Restricted Stock Units/ Purchase Rights. By March 31, 2013, all employers are required to file a Form RSS1 with the Irish Revenue with respect to all equity awards that have been granted or, in the case of stock options and RSUs, have vested in the 2012 tax year.

Separate reporting requirements apply for save-as-you-earn plans, approved profit-sharing plans, and employee share ownership trusts.

ISRAEL

Tax Reporting for Stock Options/Restricted Stock Units/ Purchase Rights. For stock option, RSU, and ESPP grants under trustee and non-trustee plans in Israel, reports must be made both quarterly and annually to the Israeli tax authorities. At the end of each calendar quarter, the local affiliate or trustee, as applicable, must file Form 146 detailing the grants made during that quarter with the Israeli tax authorities. In addition, annually, the local affiliate or trustee must file Form 156 with the Israeli tax authorities by March 31 of the following year detailing the grant activity and the status of any outstanding grants during the prior calendar year.

Please note that while the Israeli tax authorities have indefinitely extended the deadline for these submissions (until an electronic submission system is operable), many companies choose to make these reports in hard copy until the electronic system is operable in accordance with the applicable deadlines.

JAPAN

Tax Reporting for Stock Options/Restricted Stock Units/ Purchase Rights. Beginning in 2013, Japanese companies that are majority owned by non-Japanese companies and Japanese branch offices of non-Japanese companies will be required to file a statement with the Ministry of Finance if an employee of a Japanese branch or subsidiary of a foreign parent exercised, or received benefits under, any of the following rights:

- The right to acquire, without payment or with payment of a discounted price, stock of the foreign parent or any of its parent or subsidiaries (collectively, “Parent Stock”).
- The right to receive payment of cash in the amount equivalent to the price of the Parent Stock or distributions related to the Parent Stock.
- The right to acquire the Parent Stock or receive payment of cash where the price of the Parent Stock, the business results of the foreign parent, or other index exceeds a predetermined threshold within a certain period.

Exercises of stock options, vesting of RSUs, and ESPP purchases are subject to these new reporting requirements. These filings on forms published by the Japanese government must be made with respect to any exercises or payments that occur on or after January 1, 2012 by March 31 of the calendar year following the year in which the exercise or payment occurred. The first filings will be due March 31, 2013.

MALAYSIA

Tax Reporting for Equity Award Vesting. Companies that grant equity awards to employees in Malaysia must report, on an annual basis, any stock option exercises, RSU vesting, and/or purchases under an ESPP that took place during the previous calendar year. The report must be submitted to the Malaysian Inland Revenue Board on Appendix C of the Form BT/ESOS/2005 (i.e., the same form used to report the grant of equity awards) and should be filed by January 31 of each year. Please note that if the equity awards are granted to employees of more than one Malaysian entity, a separate filing should be made by each Malaysian entity, as they are separate and distinct employers.

PHILIPPINES

Securities Reporting for Exemption. Companies that grant equity awards to their employees in the Philippines typically obtain an exemption from the Securities and Exchange Commission in the Philippines (“SEC Philippines”) to avoid having to register their securities with the SEC Philippines. Once an exemption has been received from the SEC Philippines, the company is then required to file an annual report with the SEC Philippines by January 10 of each year that reflects the number of shares that have been issued by the company pursuant to stock option exercises, the vesting of restricted stock units, and purchases under an employee stock purchase plan during the prior calendar year.

SINGAPORE

Certain Tax-Favored Program Applications. Companies that grant stock options and share awards in Singapore may have awards that are potentially eligible for the Qualified Employee Equity-Based Remuneration Scheme (“QEEBR Scheme”) and the Equity Remuneration Incentive Scheme (All Corporations) (the “ERIS”). Employers that desire to operate stock plans that qualify for the QEEBR Scheme and the ERIS must keep sufficient documentation to show that their stock plans satisfy the applicable requirements when requested by the Comptroller of Income Tax.

Qualified Employee Equity-Based Remuneration Scheme. Under the QEEBR Scheme, qualifying employees may apply to defer payment of the income tax due at exercise of stock options and vesting of share awards, including RSUs, for a period of up to five years, subject to an interest payment.

Under the terms of the QEEBR Scheme, a stock plan that meets the applicable requirements is automatically qualified, and no formal approval is required. The QEEBR Scheme generally requires that stock options with an exercise price equal to or greater than the market value at the time of grant do not vest any earlier than one year after the date of grant, and for stock options where a discount at grant applies, the option may not vest any earlier than two years after the date of grant. For share awards, where the price paid for the share is equal to or greater than its market value at grant, the award cannot vest earlier than six months from the date of grant. However, if the price paid is less than market value at the time of grant, the award cannot vest any earlier than the first anniversary of the date of grant.

Employees must submit an application form to defer their tax gains to the Comptroller of Income Tax, and the employer must certify on the application form that the stock plan under which the stock option and/or share award is granted qualifies for the QEEBR Scheme by meeting the applicable vesting period requirements. The form must be submitted to the Comptroller of Income Tax by April 15, 2013.

Equity Remuneration Incentive Scheme (All Corporations). Under the ERIS, qualifying employees are eligible for income tax exemptions for gains arising from qualifying stock option and share award plans, including RSUs, of up to SGD 1 million (approximately US$816,967) over a period of 10 years. Under this scheme, the employee will enjoy a full tax exemption on the first SGD 2,000 worth of gains from the stock option and share awards plan and a tax exemption of 25 percent on the remaining amount of gains from such plan for each year of assessment during the 10-year period. Under the terms of the ERIS, among other requirements, the same vesting requirements applicable to the QEEBR Scheme also apply to stock options and share awards, respectively. In addition, the stock options and share awards must be offered to a designated percentage or more of a company's eligible employees in Singapore (subject to certain exclusions for part-time, newly hired, and short-term employees). For grants made before February 16, 2008, the designated percentage is 50 percent of the company's eligible employees, and for grants made on or after February 16, 2008, the designated percentage is 25 percent of the company's eligible employees.

The local affiliate is required to provide employees with the details of all gains arising from stock plans, segregating the gains, where applicable, into those qualifying for the various share incentive schemes, and those that do not qualify for any tax exemption under any schemes, no later than March 1, 2013 on an annual return. There is no prescribed format for the annual return where the company electronically submits salary data to the Comptroller of Income Tax. Otherwise, the company should provide the annual return to employees on Form IR8A.

The local affiliate is also required to provide a written confirmation to a qualifying employee, within the four-week period following December 31, 2012, that the qualifying terms and conditions of the ERIS have been met in respect of those share awards and/or stock options granted under the relevant qualifying stock plan.

THAILAND

Securities Reporting for Stock Options/Purchase Rights. Companies that grant stock options to the employees of their Thai affiliates must report any exercises of those options to the Thai SEC within 15 days after the end of the calendar year in which the options were exercised, in accordance with the details described in the Guidance set forth by the Thai SEC, as well as submit a summary of the plan pursuant to which the options were granted. Therefore, with respect to stock options exercised in 2012, the issuer company must file the report by January 15, 2013. A similar requirement exists for stock purchased under an ESPP—a report has to be filed within 15 days after the end of each purchase period under the plan. For example, if an ESPP's annual purchase period ends on January 31 of each year, the reporting deadline would be February 15 of that same year.

UNITED KINGDOM

Tax Reporting for Incentive Stock Options/Purchase Rights. For each tax year, which runs from April 6 to April 5 in the UK, 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.

The first report due is the Employer Annual Return, which is required with respect to income tax and national insurance contributions accounted for by UK employers through the PAYE system (the payroll tax deduction system) in the previous tax year. This report, which comprises two forms and includes tax amounts deducted through payroll on stock option exercises and vesting of other stock purchase rights, must be filed with HMRC on Form P35 (which summarizes total payroll deductions for all employees) and Form P14 (which summarizes payroll deductions for each employee) by May 19, 2013 for the 2012–2013 tax year.

By July 6, 2013, 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 2012–2013 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).

UNITED STATES

Tax Reporting for Incentive Stock Options/Purchase Rights. U.S. companies that grant incentive stock options ("ISOs") to their U.S. employees or sponsor an ESPP in which their U.S. employees participate must deliver an information statement (at least once per year) to those employees who have exercised their ISOs during that year or who have purchased shares of stock under an ESPP. For stock purchases that occurred in 2012, information statements must be delivered to employees by January 31, 2013 and then filed with the IRS by either February 28, 2013 or March 31, 2013, depending on the filing format. If paper returns are filed with the IRS, the filing deadline is February 28, 2013, whereas electronically filed returns, which are required for 250 or more returns, are due by March 31, 2013. The information statement must provide the number of shares purchased, the exercise or purchase price, and the value of the shares transferred from the company to the participant, among other items. The information statement for exercised ISOs should be made on IRS Form 3921 and on Form 3922 for shares purchased under an ESPP.

VIETNAM

Exchange Control Reporting for Approved Issuers. Companies outside of Vietnam require exchange control approval from the State Bank of Vietnam with respect to the offer of awards under an equity plan to employees in Vietnam. If a company has received such approval, it is required to submit an annual report to the State Bank of Vietnam that summarizes the number of grants made during the prior year as well as the number of shares issued pursuant to awards in the prior year. Reports for the 2012 calendar year are due by January 31, 2013.

Country	Type of Report	Type of Awards Covered	Deadline
Australia	Tax Report	All equity awards	July 14, 2013 (Employee Statement) August 14, 2013 (Report to ATO)
Canada	Tax Relief Elections for Deferrals	Stock options	Individual's Tax Return Deadline
China	Quota Renewal Quarterly Report	Stock options (potentially) and purchase rights under an ESPP All equity awards	December 31, 2012 January 4, 2013
France	Tax Report	French-qualified stock options and restricted stock units	March 1, 2013
India	Withholding Certificate Exchange Control Filing	All equity awards All equity awards	April 30, 2013 July 31, 2013
Ireland	Tax Report	All equity awards	March 31, 2013
Israel	Quarterly Report Annual Report	All equity awards All equity awards	End of Quarter March 31, 2013
Japan	Tax Report	All equity awards	March 31, 2013
Malaysia	Tax Report	All vested equity awards	January 31, 2013
Philippines	Securities Report	All equity awards	January 10, 2013
Singapore	Confirmation Report Tax Report Tax Deferral Application	All equity awards that qualify under the ERIS All equity awards All equity awards that qualify under the QEEBR Scheme	January 31, 2013 March 1, 2013 April 15, 2013
Thailand	Securities Report	Stock options Purchase rights under an employee stock purchase plan	January 15, 2013 Varies
United Kingdom	Tax Report	Stock options and stock transfers	May 19, 2013 (Forms P35 and P14) July 6, 2013 (Share Scheme and Benefit Returns (Form 42))
United States	Tax Report	Incentive stock options and purchase rights under an employee stock purchase plan	January 31, 2013 (Employee Statement) February 28, 2013 or March 31, 2012, as applicable (File with IRS)
Vietnam	Exchange Control Report	All equity awards	January 31, 2013

LAWYER CONTACTS

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our "Contact Us" form, which can be found at www.jonesday.com.

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