

All countries

Is there a tax benefit to employees?

Asia

China	Normally not, due to the above described limitations and alternative structures sought.
Hong Kong	No, but salaries tax is payable by employees on the benefits associated with any stock-based awards arising from their office or employment in the form of share awards and share options.
Singapore	Employees who are granted share options by their employers will be taxed on any gains or profits arising from the exercise of the share options.
United Arab Emirates	No, at least not from a UAE law perspective. There are no personal income taxes in the UAE. The situation might be different for non UAE national employees, who are subject to taxation in their home jurisdiction.

Europe

Austria	<p>Austrian tax law provides tax incentives for specific types of employee incentive programmes. For stock options there is technically no specific tax benefit. Under certain circumstances stock options may fall under the regime of tax incentive.</p> <p>As of 2024 a new tax benefit has been implemented which – subject to specific conditions – mainly targets the granting of shares to employees by start-up companies.</p>
Czech Republic	In principle, no.
England & Wales	Yes for certain types of options. For example, shares acquired on exercise of an EMI option can have a capital gains tax rate as low as 10% to the option holder on sale.
France	<p>The acquisition gain, equal to the difference between (i) the share price at the time of exercise and (ii) the strike price, is treated as an employment income. However, there is a social security benefit for both the French employer and the French employees:</p> <ul style="list-style-type: none">• For the French employer, the acquisition gain will benefit from an exemption of social charges, set between 40 and 45%, under certain conditions. If so, the employer will only be subject to an employer social contribution of 7,5% assessed on the value of the underlying shares at the time of the grant, which must be paid by the French employer within 2 months as from the grant date.• For the French employee, the acquisition gain will be subject to the social security contributions and to the specific contribution at a global rate of 19,7%, instead of the usual social security charges set between 20 and 25%.
Germany	No, there is no special tax benefit to employees. In very limited cases an annual tax allowance of EUR 1,440.00 applies. The granting of stock options will generally be taxed upon exercise of the stock options.

Hungary	<p>Income from stock options must be classified based on the relationship between the provider of the income and the recipient. Since the recipients would have an employment relationship with the Hungarian subsidiary, the income would be treated as employment income even if the options were provided by their non-Hungarian mother company.</p> <p>However, limited companies may issue employee shares and provide them to full-time and part-time employees free of charge or at a reduced price, below the share's nominal value.</p>
Ireland	<p>Generally, no, because any gain made by an employee or director upon the exercise of a share option is subject to income tax, universal social charge (USC) and pay-related social insurance (PRSI) (at a combined marginal rate of up to 52%). However, one exception is the Key Employee Engagement Programme (KEEP) scheme, which was introduced to support SMEs through advantageous tax treatment for certain qualifying share options.</p>
Italy	<p>The acquisition gain is treated as an employment income. However, there is a tax benefit for the employer given that such gain will benefit from an exemption of social contribution charges under certain conditions.</p>
Netherlands	<p>In principle, no.</p>
Poland	<p>If a plan is deemed qualified for Polish tax purposes, then employees will not be taxed at acquisition of securities through executing options. Instead, an employee will be taxed at 19% PIT on profit gained on the sale of such securities.</p> <p>Non-qualified option is in general taxable at its execution.</p>
Portugal	<p>Stock option capital gains earned by employees granted by certain types of entities, namely start-ups, small and medium-sized enterprises and R&D entities, which are held for a period of not less than one year, are considered in 50% of its tax value, at a rate of 28% (which corresponds to an effective tax rate of 14%). Taxation will arise on the first of the following moments: (i) alienation of shares; (ii) lost of Portuguese residency. The above does not apply to members of corporate bodies or capital shareholders above 10%, regarding the employer entity.</p>
Slovakia	<p>In principle, no.</p>
Spain	<p>When the employee exercises the stock option the employee will be taxed in their Personal Income Tax and must reflect the market value of the shares as income from work in kind.</p> <p>The employees might apply a 30% reduction -with a limit of €300,000 - on income obtained from the exercise of the stock options.</p> <p>30% tax reduction is applicable provided that (i) employees have not applied this reduction in the previous 5 tax years; and (ii) income is obtained in a single tax year; and (iii) is generated in a period of more than 2 years.</p>

South America

Brazil	No.
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