October 2022

PwC's Startup Business Survey 2022

What's up for Startups?

The taxation of Startups' employee equity plans

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Introduction

Different countries in the European Union are stepping up when it comes to the taxation of employee equity benefit plans in startup companies. These regimes make startup companies share plans way more attractive to its workers, providing a more startup friendly environment. Although these regimes intend to make way for startups to get its workers to take part of the business, there are many solutions that countries may use to pursue that purpose.

The purpose of this study is to provide an overview of the different taxation regimes of stock benefits granted to employees of startup companies across the European Union countries and some other jurisdictions where these types of plans are typically of relevance (the United Kingdom, Switzerland and Norway).

The survey, which highlights the existence of specific regimes addressed to startup companies, makes a comparison of the personal tax treatment of stock-related benefits, covering the different qualifications that such income assumes, the moment when it is taxed, the taxation rates applicable and the existence of exit taxation. It also covers the liability of those benefits to social security/social insurance contributions, when applicable.

The survey shows significant differences on the tax and social security treatment of these benefits across the different jurisdictions.

There may be more than one tax regime applicable to employee equity plans in each country. This study is focused on the identification of special tax regimes and can not be regarded as an exhaustive study of these regimes. Whenever there is a special tax regime, this is the one considered in this report.

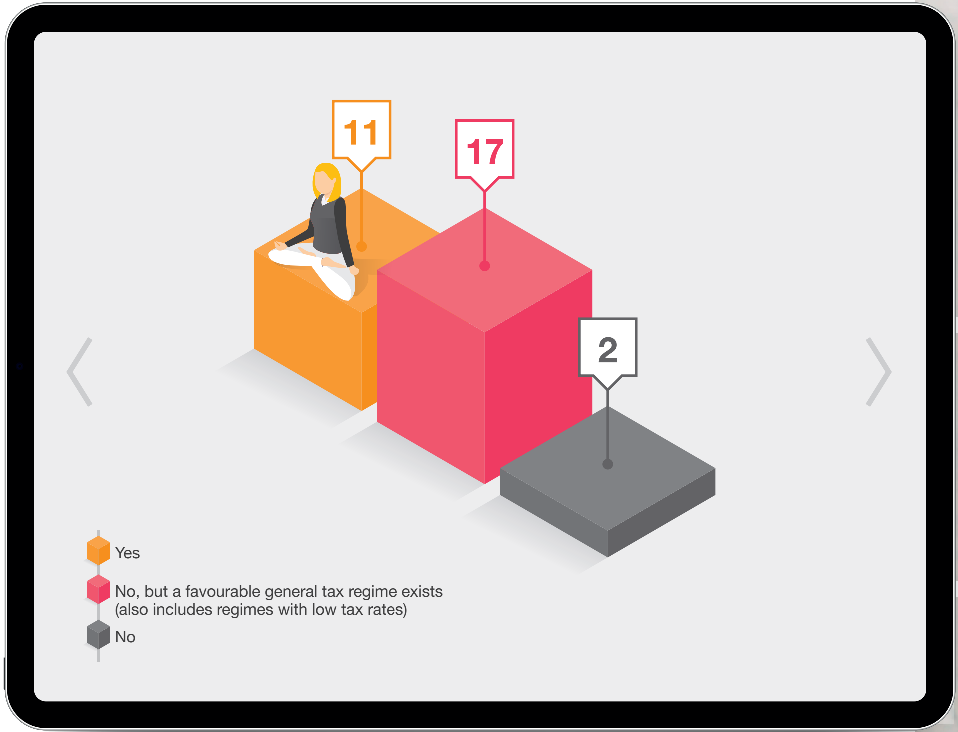
This survey was made based on the contributions of the PwC member firms in all the jurisdictions involved.

01

Survey highlights

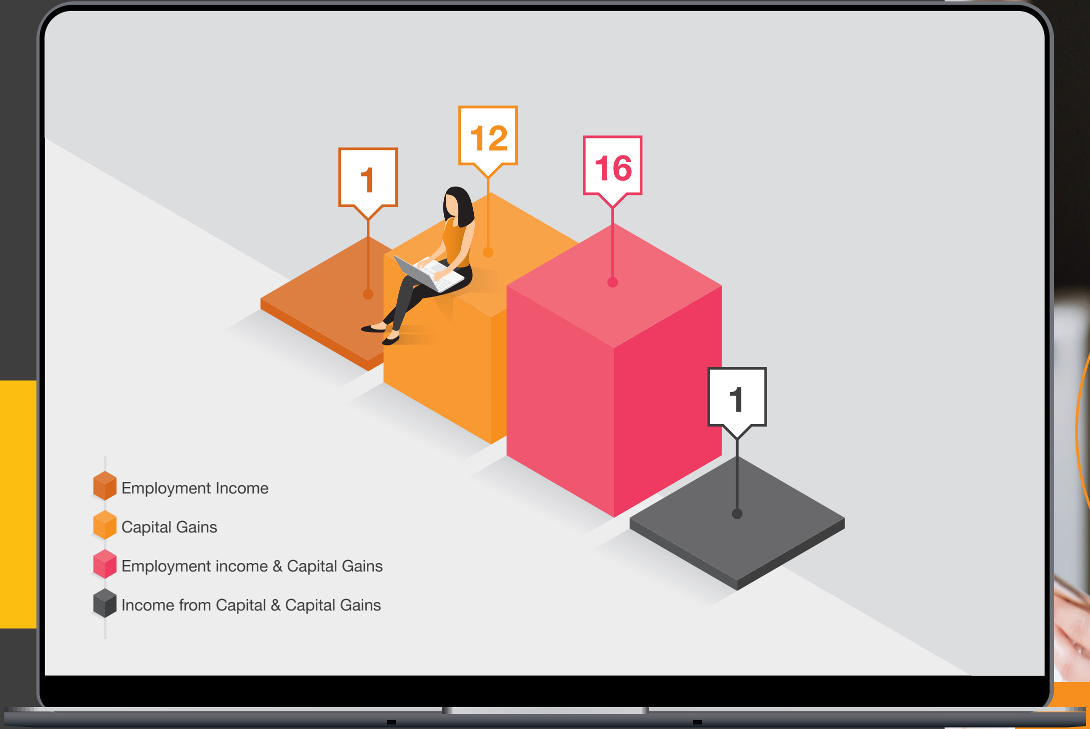
Question **01**

Is there any special tax regime for the taxation of benefits arising from employee share plans in startups?



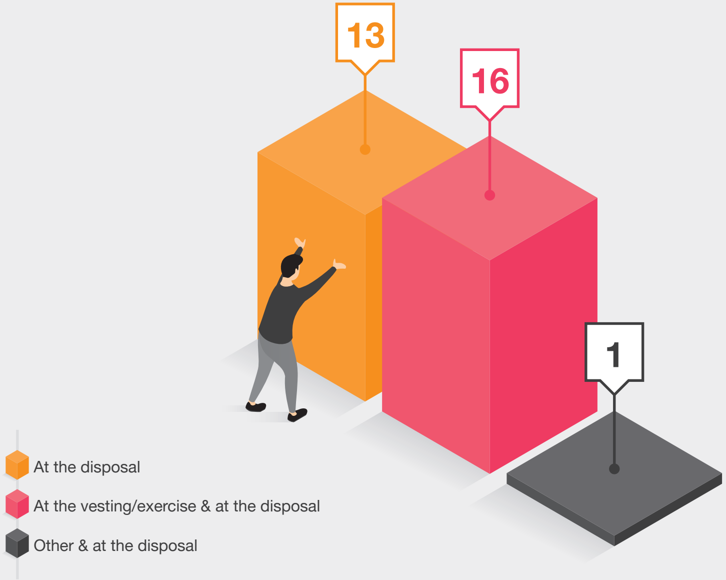
Question **02**

How does the income arising from the share plans qualify?



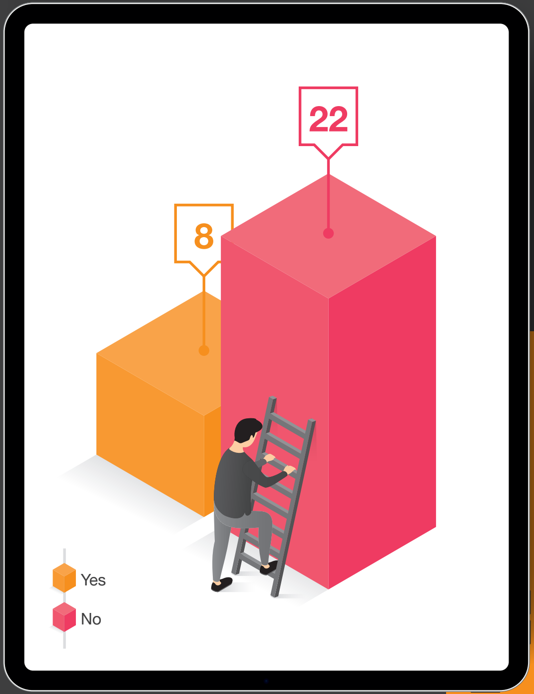
Question 03

When is the income taxed in the hands of the employees?



Question **04**

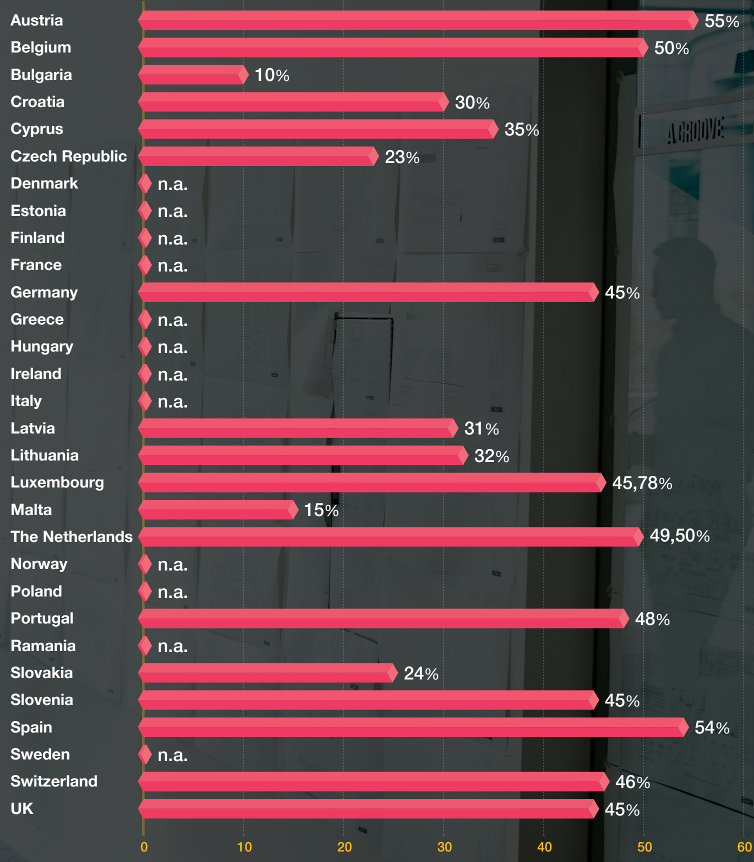
Is there any exit tax regime or time limit for taxation?



Question **05.01**

Maximum tax rate applicable to employment income

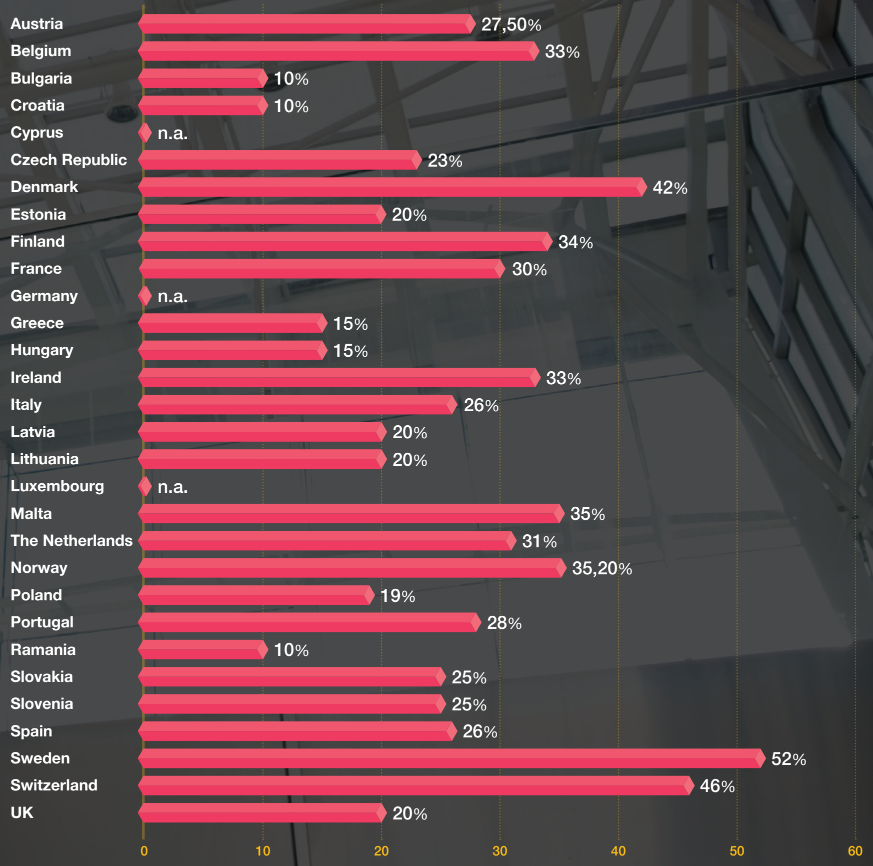
(considering the beneficial regime when it exists and excluding other taxes, e.g. municipal taxes, solidarity taxes)



Question **05.02**

Maximum tax rate applicable to capital gains

(considering the beneficial regime when it exists and excluding other taxes, e.g. municipal taxes, solidarity taxes)



Question **06**

Is the income arising from the share plans subject to social security contributions?

02

Taxation of employee equity benefits/plans in startup companies – Country by country

Taxation of stocks granted to startup workers

Austria

Special tax regime for startups

No, but a general favourable regime exists.

Summary

Equity income up to EUR 3,000 per year is tax free provided that some conditions are met. Among others conditions, the stock award should be extended to all or company specified groups of employees and the stocks may not be sold and/or transferred within five years.

If the employee sells his shares prior to meeting the 5-year holding period, the employer has to withhold income tax on the previously tax-free amount unless the sale takes place after/at termination of employment.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	As a rule, at exercise or vesting. However, some plans, e.g. restricted stock or tradeable stock options also qualify to be taxable at grant.	Progressive tax rates up to 55%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	17.12% or 18.12%, depending on the nature of the payment (some thresholds are applicable).
Capital gains	At the disposal	Flat tax rate of 27.5%	There is no lime limit for the taxation of capital gains in Austria. If the employee moves away, an exit taxation occurs. In the case of a move to an EU/EEA country, the exit taxation can be postponed until the actual sale. In the case of a move to a third country, there is no possibility to postpone the exit taxation.	N/A

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Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

A specific tax regime exists for stock options, whereby they are taxed at grant and the exercise gain is free from tax.

The benefit can in certain scenarios be applicable to RSU, ESPP (etc.) in case the shares are blocked for a minimum period of 2 years.

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Belgium

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	Stock options: grant date or exercise date, depending on the written acceptance and when they are exercised Other plans: at exercise or vesting	Progressive tax rates up to 50%, plus communal taxes (between 0% and 9% and calculated on the rate of 50%).	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	Employee: 13.07% Employer: approximately 27.5%
Capital gains	At the disposal	Capital gains realised within the scope of normal management of one's private estate: exempt If the gain is considered to be realised without the scope of normal management: a flat tax rate of 33%, plus communal taxes (between 0% and 9% and calculated on the 33%)		N/A

Bulgaria

Taxation of stocks granted to startup workers

Special tax regime for startups

No, but tax rates are relatively low.

Summary

N/A

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Flat tax rate of 10%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	13.78% (capped to EUR 1,738 per month), out of which: • State social security (includes General Illness and Maternity, Pension, Unemployment) – 8.38% • Additional pension insurance – 2.2% • Health insurance – 3.2%
Capital gains	At the disposal	Flat tax rate of 10% Capital gains from the sale of shares on a regulated market/ stock exchange in the EU/EEA: exempt		N/A

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Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

Qualification as income from capital provided that some conditions are met (namely, in case the employer or a related company are awarding or granting optional purchase of its own shares).

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Income from capital	At the vesting or exercise	Flat tax rate of 20%, plus municipal tax (between 0% and 18%).	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	N/A
Capital gains	At the disposal	Flat tax rate of 10%, plus municipal tax (between 0% and 18%).		N/A

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Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

The granting of shares / share options to employees within the context of an employee incentive scheme generates taxable employment income for the employee to the extent that a real benefit is derived.

Cyprus law provides various exemptions/incentives for a number of employee classes which may reduce the effective tax rate significantly. Any gains realized on the shares / share options thereafter are typically treated as exempt on the basis that shares and options on shares qualify as tax exempt 'titles'.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At the vesting or exercise	Progressive tax rates up to 35%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	If at all applicable, social security contributions apply at the rate of 8,3% for both employee and employer. General health scheme contributions apply at 2,65% for the employee and 2,90% for the employer. In addition, the employer is subject to additional contributions including social cohesion fund at 2%, redundancy fund at 1,2% and industrial training fund at 0,5%. With the exception of social cohesion contributions, all other contributions are restricted to a maximum level of emoluments.
Capital gains	At the disposal	Capital gains on shares and options on shares: exempt		N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

The awarded shares will be considered as a taxable employment income subject to progressive tax rates in all cases. However the obligation to withhold social security and health insurance contributions depends on the specifics of the plan and under certain scenario, they may not be due.

Capital gains are generally taxable and subject to progressive tax rate, however there are generous tax exemption regimes applicable.

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Czech Republic

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive tax rates up to 23%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	The obligation to withhold social security depends on the specifics of the plan. Generally the main trigger point is to understand whether the entity that awards the shares is the same with the one legally employing the worker, who bears the costs related to the plan and whether there is any recharge of the costs. Employee: 6.5% for social security and 4.5% for health insurance. Employer: 24.8% for social security and 9% for health insurance. The maximum annual cap for the assessment base for the calculation of social security contributions is 48 times the average monthly wage per year (i.e. CZK 1,867,728 for 2022). This cap does not apply to health insurance contributions which are uncapped.
Capital gains	At the disposal. However, some exemptions may apply. If the annual income from the sale of shares (the gross proceeds) does not exceed CZK 100,000 in total, the capital gain from the sale of shares is tax-free, regardless of the length of the holding period. If the annual gross proceeds from the sale of shares are in excess of CZK 100,000 and the employee has held the shares for less than 3 years (or 3 years or more, but within the individual's business property), then capital gains tax will be due on the sales proceeds less the FMV of the shares at the point of initial taxation (i.e. at vest).			N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

If agreed specifically and under a number of conditions, equity based incentives can be covered by the so-called 7P rules, which allow to defer taxation until the sale of the shares and requalify income as capital gain instead of employment income.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Progressive tax rates up to 42%	Yes, there are complex rules around exit taxation on different assets.	No additional cost.

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

If the option agreement is signed correctly and the vesting period is at least three years or more, then the Estonian employer will not be subject to fringe benefit taxation, provided that the employee will become an actual shareholder of the company.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 20%	There is no exit tax or time limit.	N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists. (Drafted keeping the startups in mind, but applicable also to more mature companies).

Summary

An employee share issue of a non-listed company will not create a taxable benefit to the participating employees, if the employee share issue is made available to the majority of the company's personnel and the employees subscribe for the employer company's shares at a price equal to (or greater than) the mathematical value of the shares.

In addition, there are certain other requirements listed in Finnish Income Tax Act that need to be met in order for the tax regime to apply.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains Due to the fact that the mathematical value of the share applied according to this rule is in many times considerably lower than the FMV (market value), this rule will effectively defer the taxation that would be normally employment income at subscription to later stage to be taxed as a capital gain.	At the disposal	Progressive tax rates up to 34%	Currently, there is no exit tax in Finland. However, there is an existing government bill that suggests introducing an Exit tax starting from 2023. However, it is yet to be seen if this is approved or not.	No

Harri Hirvonen
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Special tax regime for startups

Yes, also applicable to more mature companies (incorporated for less than 15 years).

Summary

Article 163 bis G of the French Tax Code (FTC) provides an incentive scheme for business creators and employees (i.e. Founder's share warrants - BSPCE), distinct from other equity plans, intended for employees who participate in the creation of innovative small and medium-sized companies.

BSPCE warrants give their beneficiaries the right to subscribe shares representing part of the company's shareholding at a price fixed upon the day of allocation. Therefore, the beneficiaries are offered the prospect of making a gain in the event of an appreciation of the company's share price between the date of sale of the shares subscribed for by exercising the warrant and the date of allocation of the warrant.

Assuming the criteria of the BSPCE warrants' regime are met, the gain realized upon the disposal of the underlying shares benefits from a statutory tax and social security regime.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Assuming the warrants holder is a French tax resident affiliated to a French social security scheme upon the disposal of the shares : If the warrants holder has been working for more than 3 years for the company: global tax rate of 30% (i.e. 12,8% income tax and 17.2% social surtaxes) and 3%/4% exceptional tax on high income; If the warrants holder has been working for less than 3 years for the company upon the disposal of the underlying shares: global tax rate of 47.2% (i.e. 30% income tax and 17.2% social surtaxes) and 3%/4% exceptional tax on high income.	Yes, France has implemented an exit tax mechanism.	For social surtaxes applicable to BSPCE warrants' gains, please refer to column "Tax rates"

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

Section 19a of the German Income Tax Act (GITA) grants start-ups a tax advantage if the company complies with the provisions of sec. 19a para. 3 GITA.

These are: a maximum of 250 employees, a maximum annual turnover of € 50 million and a maximum balance sheet total of € 43 million per year. The asset participation must exist in the employer's company. In addition, the tax-free allowance pursuant to sec. 3 No. 39 GITA applies in the amount of € 1,440 per calendar year.

The shareholding must be provided as a benefit in kind in addition to the salary that is due in any case and at a reduced price or free of charge. The legal consequences of sec. 19 para. 1 GITA shall only apply with the consent of the employee.

Ultimately, this is a tax deferral, as the shareholding is taxed after 12 years at the latest.

The employer shall record the property interest in the employee's payroll account

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment Income	The shareholding is taxed upon transfer, upon termination of employment or no later than 12 years after receipt of the shareholding.	The asset participation is allocated to income within the meaning of sec. 19 para. 1 sentence 1 no. 1 GITA (income from employment). The taxation is based on sec. 32a GITA, the corresponding tax rates are defined in sec. 32a para. 1 sentence 2 no. 1-5 GITA. The tax-free allowance according to sec. 3 no. 39 GITA in the amount of € 1,440 is to be deducted if the requirements are met. The following progressive Tax rates apply (single tax payer) **Income (EUR)** – **Tax Rate** 10.347 - 58.596 – 14% - 42% 58.597 - 277.825 – 42% > 277.826 – 45%	The time limit for taxation is a maximum of 12 years after the transfer of the asset interest. In general the transfer of residence abroad does not lead to exit taxation. A fictitious disposal within the scope of exit taxation does not in itself lead to taxation pursuant to sec. 19a para. 4 GITA.	**Employer / Employee:** Health insurance 14,6% = 7,3%/7,3%; Average supplementary contribution rate 1,3% = 0,65%/0,65%; Long-term care insurance 3,05% = 1,525%*/1,525%*; Long-term care childless surplus from age 23 onwards 0,35%; Pension insurance 18,6% = 9,3%/9,3%; Unemployment insurance 2,4% = 1,2%/1,2% * Exception Saxony: Employer: 1,025% Employee: 2,025% The social security contribution ceiling in 2022 are: Health, Long-Term Care insurance 4.837,50 Euro p.m./58.050,00 Euro p.a. Pension/Unemployment insurance (west) 7.050,00 Euro p.m./84.600,00 Euro p.a. Pension/Unemployment insurance (east) 6.750,00 Euro p.m./81.000,00 Euro p.a.

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

The income from stock options qualifies as "capital gain" if the following conditions are met:

a) the options are given within the first 5 years of the incorporation of the startup; and

b) there is a retention period of at least 36 month from the grant of the options until the disposal of the shares.

In case of free shares, the condition is that they are given in the context of a Corporate Achievement Plan.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gain	At the disposal. In case of stock options, the taxable gain is calculated on the FMV of the shares at the time of the exercise. In case of free shares, the relevant FMV is the ones at the time of the vest.	Flat tax rate of 15%. Solidarity at a marginal rate 10% may apply.	There is no exit tax or time limit for taxation.	Employee: 14,12% Employer: 22,54% There is a monthly income ceiling equal to Euro 6,500, above which no social security contributions are due.

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Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

Shares directly owned by individuals: if an individual sells his/her shares at nominal value, no taxation is triggered. So, the owner of a small company may provide a management incentive without taxation. Taxation will be triggered when the management sells the shares as capital gains.

Privately traded companies: there is a valuation rule based on which the value of a share that is not publicly traded is the proportional amount of own capital shown in the last financial report of the company. In many cases this amount is significantly lower than the actual value of the company, thus management might receive a share based incentive that is partially taxable as capital gains, instead of employment income.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 15% (There is a risk that these solution triggers gift taxation instead of personal income tax. That increases the tax burden to 18% and the taxation takes place at vesting)	There is no exit tax or time limit for taxation.	N/A

Special tax regime for startups

No, but a general favourable regime exists.

Summary

The Irish Key Employee Engagement Programme (KEEP) is designed to allow for the tax efficient granting of share options by small and medium-sized enterprises (SMEs) in order to retain their key employees.

Under this scheme, Irish income tax is not chargeable on the grant/exercise of qualified share options. Instead, Irish Capital Gains Tax (CGT) will arise on the gains realised on the sale of shares acquired on exercise of qualifying KEEP share options. As a result, the tax liability is deferred until the shares are sold.

There are a number of conditions (for the employer, employee and the share options being granted) to be met in order for a company to be qualified to grant share options under this scheme.

The share options or other share-based remuneration (such as, RSUs) that do not qualify for the KEEP scheme will be subject to income tax up to the marginal rate of 52%.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 33%	There are no specific exit tax or time limit rules. However, CGT anti-avoidance rules should be noted. These rules apply to individuals who become temporarily non tax resident in Ireland and dispose of assets during that period of non residence. The assets are deemed to have been disposed of and reacquired at their market value on the last day of the year of departure.	N/A

Italy

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

The favourable treatment consists of a tax and social security exemption for shares/stock option/RSU granted to employees, directors and contractors. The exemption applies at grant/vesting or exercise moment while at the selling of shares the income is taxed as capital gain.

To avoid the lack of the favourable regime the shares granted to the employees can not be aquired by the issuing startup company or by any other person who directly controls the issuing company or it is controlled by the issuing company or by the same company which controls the issuing company.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 26%	There is no exit tax or time limit for taxation.	N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

Income arising on the grant of employee stock options are exempt from taxation provided that the following conditions are met:

- The holding period is at least 12 months from granting to vesting.
- The employee has an employment relationship with the company or its related party throughout that period;
- The employer has notified the tax authority about the terms of the plan within two months after the grant date.

Additionally, a Latvian company paying a dividend based on the employee's shareholding must withhold a 25% effective Latvian corporate income tax and no additional personal income tax or social security obligations apply.

A dividend paid by a foreign company to a Latvian tax resident attracts no Latvian PIT if (1) it is established in the EU/EEA or (2) in a country that has an effective double tax treaty with Latvia, and (3) PIT or CIT has been paid on the dividend in that country. All other dividends (including from microbusiness taxpayers or tax havens) attract PIT through the individual's annual income tax return.

Capital gains arising on the sale of shares will be taxed.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income, unless exemption applies	At exercise or vesting	Progressive tax rates up to 31%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	Employee: 10.5% Employer: 23.59%
Capital gains	At the disposal	Flat tax rate of 20%	There is no exit tax or time limit for taxation.	N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

No, but tax rates are relatively low.

Summary

N/A

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive tax rates up to 32%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	Employee: uup to EUR 90,246 income is 19.5% plus 2.7% or 3% II tier pension fund. Employer: vary from 1,45% to 2,71%. If the costs are not recharged/borne by the local company, social security contributions are not due.
Capital gains	At the disposal	Progressive tax rates up to 20%	There is no exit tax or time limit for taxation.	N/A

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Taxation of stocks granted to startup workers

Luxembourg

Special tax regime for startups

No, but a general favourable regime exists.

Summary

No specific tax regime for start ups. Tax treatment will depend on the features of the mechanism implemented.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive rates up to 45.78%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	Employee: 10.8% on income up to the social security cap (approx. 138k per year), plus 1.4% not capped. Employer rate: between 12 and 15% up to the social security cap.
Capital Gains	At the disposal	Tax free if the individual holds a minor shareholding (10% or less) and the holding period exceeds 6 months. Taxable at full rate (progressive rates up to 45.78%) if the holding period is of less than 6 months. Taxable at half the normal rate if the holding period exceeds 6 months and the individual holds a substantial shareholding (more than 10%).	There is no exit tax or time limit for taxation.	Not applicable where the capital gain is tax free.

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Taxation of stocks granted to startup workers

Malta

Special tax regime for startups

No, but a general favourable regime exists.

Summary

Any benefit received by reason of any employment or office should, as a general rule, be subject to Maltese income tax. The share option/award is considered as a fringe benefit in the hands of the employee but is subject to a beneficial income tax rate of 15% through the company's payroll system.

The taxable income (on which the 15% rate is applicable) is represented by the value of the benefit, i.e. the difference between the market value of the shares at the time of exercise of the option and the price, if any, paid by the employee for those shares.

If the employee disposes such shares, then in general there should be tax on capital gains, i.e. on the difference between the market value of the shares at point of exercise and the consideration for the sale of the shares - having said this, in certain instances, tax exemptions may apply on such capital gains.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Flat tax rate of 15%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	N/A
Capital Gains	At the disposal (unless a tax exemption apply)	Progressive tax rates up to 35%	There is no exit tax or time limit for taxation.	

Special tax regime for startups

No.

However, as of 1 January 2023, there will be a change in the taxable moment of the stock options in the Netherlands in order for the Netherlands to become more attractive for start-ups and scale ups.

Summary

For RSUs, vesting is the taxable moment for an equity grant in case the legal and economic title passes at vesting, regardless of any lock-up period.

Although final approval still has to be given by the Dutch legislators, the Dutch employee stock option regime will change per 1 January 2023. For most stock options, the taxable moment will remain at exercise. Where the shares acquired upon exercise are subject to a sale restriction (e.g. a contractual or judicial lock-up) an election regime applies. The stock options are in principle taxable at the date the shares become tradeable, but an employee may elect to be taxed at the date of exercise and should notify the employer in writing on time. Please note that for listed shares the deferral of the taxable moment will be deemed to expire after five (5) years, even if the agreed lock-up exceeds that period (unless this is based on the applicable legislation).

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At vesting (RSUs) or exercise/date shares become tradable (stock options)	Progressive tax rates up to 49.50%	There is no exit tax. For non-listed companies, a sale restriction over the shares is deemed to expire after a maximum of five years after the company's listing. If the company is already listed, the sale restriction is deemed to expire after a maximum of five years after exercising the stock option right.	Employee: 27.65% capped to annual earnings up to EUR 35,472 Employer: 18.47 - 23.47% capped to annual earnings up to EUR 59,706
Capital gains in Box 2 (in case of a substantial interest, i.e., shareholding of 5% or more of (a class) shares") or Inputed Returns in Box 3	At realization of the proceeds Where an employee does not hold a substantial interest, shares, dividends and any eventual sale proceeds are treated as privately held assets. At present, an imputed return at a rate of max 5.53% is levied on the average net value of the individual's privately held investments over and above EUR 50.650, which is then taxed against a flat rate of 31%. This regime will be abolished as of 1 January 2023 following a Dutch Supreme Court ruling. Between 2023 and 2036, transitional legislation is expected to apply whereby inputed returns based on the actual individual's asset mix i.e. bank deposits, other assets and debts will be taxed at 32%. The tax-free allowance is expected to increase from EUR 50,650 to EUR 57,000 (2023). As from 2026, it is expected that actual returns will be subject to taxation.	Flat tax rate of 26.9% (Box 2 income) Flat tax rate of 31% over the imputed return on investments (box 3 income). For 2023 it is expected that a flat rate of 32% will apply over the imputed return on investments (box 3 income).		N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes, for stock options granted to employees.

Summary

As of 2022, Norway has a special stock option scheme that entails a postponement of taxation until the underlying shares are sold. Any capital gain resulting from sale of the shares are taxed as capital income. The scheme applies to companies with up to 50 employees and balance sheet/ operating revenue up to NOK 80m.

Several other criterias must also be met in order for the special scheme for startups to apply, both with regard to the startup and the employee.

In other cases, the main rule is that any benefit received by the employee is taxable as employment income.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains (if the special scheme applies)	Taxation takes place at the disposal of the shares.	Flat tax rate of 35,2%	Yes. If the requirements for cessation of tax residence is met, the increase in value of shares etc. up until the date for cessation is tax liable as capital gain. The employee must have the stock options for a minimum of 3 years and a maximum of 10 years before the share subscription.	N/A

Special tax regime for startups

No, but a general favourable regime exists.

Summary

A specific tax regime for share-based incentive schemes is available for joint stock companies (spółka akcyjna, prosta spółka akcyjna).

This scheme allows to apply deferred taxation (no taxation at vesting, taxation at sale only). In that case, proceeds from the plan are not considered as employment income, but capital gains taxation at sale is applicable. There are certain conditions to be met in order to apply this regime.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 19% (a solidarity tax of 4% may be also applicable on the annual income exceeding 1m PLN)	Yes, exit tax on unrealised gains may be applicable for individuals changing tax residency. Exit tax is applicable if the market value of shares/ financial instruments etc. exceeds 4m PLN.	N/A

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Taxation of stocks granted to startup workers

Special tax regime for startups

Yes. (There is a legislative authorization for the Government to review the current regime).

Summary

The Portuguese special tax regime grants an exemption of up to €40.000 to workers of companies who meet the following criteria:

1. The company qualifies as being micro/small in terms of turnover and number of employees;
2. The company has been created less than six years prior;
3. The company develops its activity in technological branches.

The employee must keep the shares during a period of at least two years. This regime does not apply to board members or to shareholders with a stake of more than 5%.

In other cases, the main rule is that any benefit received by the employee is taxable as employment income.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive tax rates up to 48% (plus an additional solidarity tax of 2.5% or 5% applicable whenever the taxable income is higher than €80k or €250k, respectively)	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	As a rule, no (in case of share settled plans)
Capital gains	At the disposal	Flat tax rate of 28%	There is no exit tax or time limit for taxation.	N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

Under some conditions, shares are not taxable at grant and the exercise, but only at the disposal as a capital gain.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 10%	There is no exit tax or time limit for taxation.	10% health contribution in certain threshholds depending on the level of income

Special tax regime for startups

No, but tax rates are relatively low.

Summary

The awarded shares (less price paid by the participants) will be considered as a taxable employment income subject to progressive tax rates.

Capital gains arising from the sale of the shares are generally taxable and subject to progressive tax rate, however the first EUR 500 of taxable capital gain realized might be tax exempt.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive tax rates up to 25%	There is no exit tax or time limit for taxation. Sourcing-of-income principles apply.	**Employee rates:** 1) Slovak statutory health insurance contributions (4%) on entire taxable amount; and 2) Slovak statutory social insurance contributions (9,4%), unless the individual's regular earnings have already reached the monthly wage ceiling (EUR 7,931 per month for 2022) **Employer rates:** 1) Employer's social security contributions total 24.4% of remuneration; however, due to caps on the amounts on which these contributions are levied, the total contribution does not exceed EUR 1,935.16 per month in 2022, plus they pay injury insurance contributions of 0.8% of employees' total salary costs per month, which are not capped; and 2) Employer health insurance contributions total 10% on entire taxable amount.
Capital gains	At the disposal	Capital gain arising from sale of shares is excluded from taxation if the shares are tradeable on a regulated market for at least 1 year and the period between exercise/vesting of shares and sale shares exceeds 1 year. Otherwise, progressive tax rates up to 25% applies		

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Taxation of stocks granted to startup workers

Special tax regime for startups

No, but a general favourable regime exists.

Summary

Shares provided to employees by their employer free of charge or for the price which is lower than the market value, are treated from tax perspective as income from employment. In case of stock options, only 65% of the value of the benefit would be subject to personal income tax if certain conditions are met.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive tax rates up to 45%	There is no exit tax or time limit for taxation.	Employee: 22,1% Employer: 16,1%
Capital gains	At the disposal	Flat tax rate of 25% (rates are reduced after each 5 years of share ownership)		N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

Currently no, but new rules may come into force in 2023

Summary

According to the Law currently in force, all companies can consider a tax benefit of EUR 12,000 per year tax free in case of granting shares to their employees, subject to some legal requirements.

The draft law increases this amount up to EUR 50,000 for startup companies and modifies some of the legal requirements to be met to apply this tax exemption.

Additionally, if there is a taxable amount, according to the draft law, this amount will be not taxable at the delivery of shares (general rule) but only upon the disposal (e.g., sale of shares, IPO), this should imply that the granting/vesting/exercise of stock options granted by startups wouldn't generate employment income for the individual. However, when the employee sells the shares, the difference between the granting price and the sell price will be considered as a capital gain. The first EUR 50,000 of gain will be exempt of taxes.

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Spain

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
With current legislation it would be considered as Employment income (in the grant, vest or exercise, depending on the plan). If the current version of the draft Law is finally approved, capital gain.	According to the draft law, taxation will occur at the disposal (or IPO or 10 years after the grant)	Progressive tax rates up to 54% (final tax rate), depending on the Autonomous Region. Progressive tax rates up to 26%, in case of capital gains	For ordinary tax residents: yes, there is an exit tax that could apply depending on the circumstances of the individual. If it applies, the unrealized gain could be subject to taxes in Spain. For tax residents under the Special tax regime: the draft new Law specifically excludes the application of the exit tax to those individuals who are taxed under the Special tax regime, specifically, to those individuals who have acquire the Regime as consequence of coming to Spain as investors, entrepeneursn of Start-Ups (new regulation of the Special tax regime).	N/A

Taxation of stocks granted to startup workers

Special tax regime for startups

Yes.

Summary

Since 2018 Sweden has a special stock option scheme, so called qualified employee stock options (QUESOS) that is available for startup companies.

There is a lot of different critierias, both for the issuing entity and the individuals for these rules to apply. If the rules are applicable, taxation will occur when the underlying shares are sold, as a capital gain.

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Capital gains	At the disposal	Flat tax rate of 25% or progressive tax rates up to 52%, depending on the qualification of the company.	There is no exit tax or time limit for taxation.	N/A

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Taxation of stocks granted to startup workers

Special tax regime for startups

No. The tax treatment of non-listed shares is complex and has to follow specific rules in Switzerland in order to ensure that (a portion of) the sale proceeds qualify as capital gain.

Summary

Depending on the canton, there are some rules which help reducing the share value for wealth tax purposes.

For income tax and social security purposes, generally the same rules as for all non-listed shares must be applied to. It is crucial to determine the tax relevant share value upon acquisition of the shares in order to have certainty on the qualification of the sale proceeds upon sale. It is likely that at least a portion of the sale proceeds is qualified as employment income rather than capital gain.

Detaliled analysis and filing a tax ruling in order to get certainty on the tax treatment is recommended and common in Switzerland.

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Switzerland

Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
Employment income	At exercise or vesting	Progressive tax rates up to 46%	No time limit for taxation. Exit tax depends on the overall qualification of the share and the underlying tax relevant share value.	Both the employer and the employee should make social security contributions at the following rates: • Old Age and Survivors' Insurance (AHV): 4.35% • Disability Insurance (IV): 0.7% • Income Replacement Scheme (EO): 0.25% **Total:** 5.3% (no ceiling) Unemployment Insurance (ALV) for annual compensation income: • 1.1% on the first CHF 148,200 of compensation income; • 0.5% on compensation income in excess of CHF 148,200. Additionally, pension fund contributions (depending on the specific pension fund regulations) and accident insurance contributions may also be due for the employee. Pension fund contributions (depending on the specific pension fund regulations) as well as additional contribution liabilities for accident insurance (depending on economic sector and risk level of the company), child allowances (depending on canton) and sectorial training fund contribution (depending on canton and total annual wage sum) may also be due for the employer. Furthermore, the competent social security authorities claim administration costs.
Capital gains	At the disposal			

Special tax regime for startups

No, but four general favourable regimes exist

Summary

There are four tax advantaged share schemes in the UK:
1. Share Incentive Plan (SIP);
2. Save As Your Earn (SAYE);
3. Company Stock Option Plan (CSOP);
4. Enterprise Management Incentives (EMI).

EMIs is a common scheme to be adoped by private companies that are seeking to incentivise their key management. To be eligible for EMIs scheme, the employer must meet a number of conditions, including:

- the company is not under control of another company;
- the company has gross assets of £30 million or less;
- the company has employees less than 250;
- the company does not carry out excluded activities including banking, farming, property development etc..

To be eligible for EMI options, the employees must meet a number of conditions, including:

- they spend at least 25 hours per week working for the company; or at least 75% of their working time for the company;
- they do not have material interest in the company or any of its subsidiaries.

A company can only have outstanding EMI options up to £3 million (calculated at the date of grant) and an employee can only hold outstanding EMI options up to £250,000.

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Type of income	Moment of taxation	Tax rates	Is there an exit tax or a time limit for taxation?	Social Security rates
EMIs: Employment income (only applicable if the exercise price is below the fair market value on the date of grant, in which case that discounted amount is taxable as employment income)	At exercise	Progressive tax rates up to 45%	There is no specific exit tax but sourcing rules may apply	If the award is treated as a "Readily Convertible Asset"(RCA"), it will be subject to Employee Class 1 National Insurance Contribution (NIC) where the employee contribution rate is 2%. Employer NIC will also apply at the rate of 13.8%
EMIs: Capital Gain (Business Asset Disposal relief might be available to reduce the capital gain tax if certain conditions are met)	At the disposal	Progressive tax rates up to 20% If the disposal of EMI shares qualifies for BADR: flat rate of 10% up to a lifetime limit of 1 million (for disposal on or after March 2022)	There is no specific exit tax on departing the UK. Specific rules apply to capital gains that arise on disposal of shares by "temporarily non-residents".	N/A

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