

EQUITY REPORTING & WITHHOLDING

Updated May 2016



Trailing Liabilities Related to Equity Compensation (Stock Options, SARs and RSUs)

In many countries, the Company is required to report and withhold taxes on equity compensation based on the employees location at the time the award was granted or vested as well as the employee's location when the award is exercised or settled in shares.

HOW DOES THIS AFFECT ME?

- It has always been the employee's responsibility to file and pay taxes to the country (or countries) where the income was earned.
- The Company may be required to report and withhold taxes for multiple countries based on the employee's location between the grant date and the date of exercise or settlement.
- Irrespective of the Company's reporting and withholding obligations, the employee may have a tax return filing requirement in multiple countries.
- This could continue for many years after the completion of your expatriate assignment.



WHAT SUPPORT IS AVAILABLE

ASSIGNMENT TYPE	AUTHORIZED SUPPORT
Current Expatriates	Tax assistance provided via current expatriate support programs.
Previous Expatriates Returned Home or Localized	Employees in this category already have the responsibility to file where necessary and generally qualify for some level of tax preparation assistance and may request tax protection if their final liability is higher than if they never had an expatriate assignment.
Local to Local Transferees (no Previous Expatriate assignments)	Consistent with current policy, localized employees (beyond the year of localization) are responsible for their own tax preparation and tax liabilities.

When you exercise stock options or have RSUs lapse, there may be tax implications in any country in which you worked for P&G during the period from the grant date to the exercise date.

The rules vary by country but these implications may include:

- Company reporting requirements
- Company withholding requirements
- Individual tax filing requirements



Company Requirement to Report

If some of the income is deemed to be earned in a specific country, the Company may be required to report that income to the local tax authorities either through the monthly payroll or through the year-end salary certificate.

Company Requirement to Withhold

If some of the income is deemed to be earned in a specific country, the Company may be required to withhold income taxes on that income and remit it to the local tax authorities.

In some cases, this withholding is considered the final tax liability and no tax return filing is required.

Company Requirement to Withhold

It is Company policy that unless you are on current Expat assignment, you are responsible for the global tax on equity post-assignment. These taxes (for potentially multiple countries) will be deducted directly from your proceeds.

It is expected that most home countries provide some tax relief (foreign tax credits, exemptions of foreign income, etc.) so you will likely be able to claim some relief from any duplicate taxation through the tax filing process.

Once all impacted countries' tax liabilities have been finalized (either through withholding or through filing a tax return), you may request tax protection if you feel the Expat assignment has generated incremental global tax costs.



Individual Requirement to File Income Tax Return

If some of the income is deemed to be earned in a specific country, you may be required to file an income tax return (whether or not the Company has reported that income to the authorities or withheld income from your proceeds).

If you were on a P&G-sponsored Expat assignment in the trailing country, you will be authorized for PwC assistance to prepare the tax return in the former host country. PwC assistance is generally not provided in the home country.



Requirement Grid

If you are unsure how countries in which you have worked will treat equity income, please find the summary on the next page.

Look for your country in the bottom row and the first 3 rows will show whether:

1. The Company will report the income related to that country to the tax authorities for that country,
2. The Company will withhold estimated income and/or social security taxes from your proceeds for that country, and
3. Whether you have an individual obligation to file an income tax return to calculate tax due on income earned in that country.



TRAILING REQUIREMENTS – 2016

* Based on current tax laws and Company positions; reviewed annually *

Company Requirement to Report	Yes	Yes	Yes	No	No
Company Requirement to Withhold	Yes	Yes	No	No	No
Individual Requirement to File	Yes	No	Yes	Yes	No
Trailing Countries	Belgium (RSUs), Canada, Finland, France (limited cases), India, Kenya, Malaysia (generally, depending on grant date and employment status), Netherlands, Puerto Rico, South Africa, UK, US	Argentina, Austria, Germany, Israel, Sweden, Switzerland	Denmark, France (most cases), Hong Kong, Ireland, Malaysia (other cases)	Bulgaria, Czech Republic, Hungary, Japan, Pakistan, South Korea, Thailand, Turkey, Ukraine, Vietnam	Algeria, Australia, Belgium, Brazil, Chile, China, Colombia, Costa Rica, Dominican Republic, Egypt, Greece, Guatemala, Indonesia, Italy, Kazakhstan, Latvia, Lebanon, Mexico, Morocco, Nigeria, Panama, Peru, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, Spain, Taiwan, UAE, Venezuela, Yemen

QUESTIONS?

If you have questions on the results of your exercise / lapse, please contact trailingtax.im@pg.com.

