Taiwan

Stock Option Plans

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated.

Government filings must be made in Chinese.

Regulatory

Securities Compliance

Neither the grant nor the exercise of Options is likely to trigger any securities requirements provided that offers are made to no more than 35 employees or officers of the Subsidiary.

Foreign Exchange

Approval from the Central Bank is required for any remittances which in a calendar year exceed:

(i) US$50m for the Subsidiary; or

(ii) US$5m for a Taiwanese resident.

Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt–in consent may be required in some cases.

Tax

Employee Tax Treatment	An employee is generally subject to income tax on the gain on exercise (i.e., the excess of the fair market value of the Stock acquired over the aggregate exercise price). Generally, no capital gains tax is payable on the sale of Stock.
Social Security Contributions	Dividends are subject to a supplemental National Health Insurance premium of around 2 percent (subject to annual review).
Tax-Favored Program	There is no tax-favorable program applicable to stock option plans.
Withholding and Reporting	The Subsidiary has no obligation to withhold tax unless the Subsidiary reimburses the Issuer for the costs of the Plan. The Subsidiary is required to file a non-withholding statement relating to employment income by January of each year. Minor employee reporting requirements may apply, depending on the size of the transaction.
Employer Tax Treatment	A tax deduction may be available if the Subsidiary reimburses the Issuer for the costs of the Plan benefits under a written agreement and such costs are characterized as employee remuneration.

Taiwan

Restricted Stock and RSUs

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated.

Government filings must be made in Chinese.

Regulatory

Securities Compliance

Neither the grant nor the vesting of Restricted Stock or RSUs is likely to trigger any securities requirements provided that offers are made to no more than 35 employees or officers of the Subsidiary.

Foreign Exchange

Approval from the Central Bank is required for any remittances which in a calendar year exceed:

(i) US$50m for the Subsidiary; or

(ii) US$5m for a Taiwanese resident.

Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt–in consent may be required in some cases.

Tax

Employee Tax Treatment	For Restricted Stock, an employee is generally subject to income tax on the value of the Stock received on vesting. For RSUs, an employee is likely to be subject to income tax on the value of the Stock received on vesting. Generally, no capital gains tax is payable on the sale of the Stock.
Social Security Contributions	Dividends are subject to a supplemental National Health Insurance premium of around 2 percent (subject to annual review).
Tax-Favored Program	There is no tax-favorable program applicable to Restricted Stock or RSU plans.
Withholding and Reporting	The Subsidiary has no obligation to withhold tax, unless the Subsidiary reimburses the Issuer for the costs of the Plan. The Subsidiary is required to file a non-withholding statement relating to employment income by January of each year. Minor employee reporting requirements may apply, depending on the size of the transaction.
Employer Tax Treatment	A tax deduction may be available if the Subsidiary reimburses the Issuer for the costs of the Plan under a written reimbursement agreement and such costs are characterized as employee remuneration.

Taiwan

Employee Stock Purchase Plans

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated.

Government filings must be made in Chinese.

Regulatory

Securities Compliance

Participation in the Plan will be exempt from securities law requirements if the offers are made to fewer than 35 employees or officers of the Subsidiary.

Foreign Exchange

Approval from the Central Bank is required for any remittances which in a calendar year exceed:

(i) US$50m for the Subsidiary; or

(ii) US$5m for a Taiwanese resident.

Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt–in consent may be required in some cases.

Tax

Employee Tax Treatment	An employee is generally subject to income tax on the value of any discount when the Stock is purchased. Interest accruing on payroll deductions, which are held in a separate trust account with a bank in Taiwan prior to the acquisition of Stock, may give rise to an income tax liability. Employee income derived from offshore sources (including payroll and interest accrued) may be subject to income tax if the aggregate amount of their income (including the offshore income) for the accounting year is NT$6.7 million. Where the aggregate amount of the offshore income for the calendar year is less than NT$1 million, such offshore income will not be included in determining whether the threshold of NT$6.7 million has been met. Generally, no capital gains tax is payable on the sale of the Stock.
Social Security Contributions	Dividends are subject to a supplemental National Health Insurance premium of around 2 percent (subject to annual review).
Tax-Favored Program	There is no tax-favorable program applicable to employee stock purchase plans.
Withholding and Reporting	The Subsidiary has no obligation to withhold tax, unless the Subsidiary reimburses the Issuer for the costs of the Plan. The Subsidiary is required to file a non-withholding statement relating to employment income by January of each year. Minor employee reporting requirements may apply, depending on the size of the transaction.
Employer Tax Treatment	A tax deduction may be available if the Subsidiary reimburses the Issuer for the costs of the Plan under a written reimbursement agreement and such costs are characterized as employee remuneration.