

Ireland

Employment

Labor Concerns

Employee entitlement claims are increasingly more common. The risk of an employee making a claim for additional benefits under a Plan may be reduced by having the employee agree to standard waiver and consent provisions. Companies should also be aware of Irish anti-discrimination laws and not exclude certain classes of employees, such as part time employees and fixed term contract workers. Retirement provisions in a scheme may be problematic from an age discrimination perspective.

Communications

There are no legal requirements specific to employee communications.

Generally, electronically executed award agreements are acceptable (the law governing the award will be relevant). Consideration may need to be given to the form of electronic execution adopted.

Regulatory

Securities Compliance

Neither the award nor the vesting of RSUs is likely to trigger any prospectus requirement, provided that the RSUs are non-transferable and that they are awarded and vest free of charge.

Awards of restricted stock are generally caught by the prospectus regime. From 1 July 2012 many of the exemptions were amended and expanded. In particular: i) offers to less than 100 people has been increased to 150 people; ii) the €2.5m limit has been extended to €5 million; and iii) the employee share scheme exemption is available to companies listed or headquartered within the EU (and is also due to extend to companies listed on equivalent exchanges, once EU level agreement has been reached on what may be deemed "equivalent"). Therefore one or more of the exemptions to issuing a prospectus for awards of restricted stock may be available.

Additional restrictions and notification requirements apply to directors under the provisions of Irish company law. Financial assistance issues under company law should also be considered.

Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

Data Protection

Employee consent to the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements, although the Irish Data Protection Commissioner discourages the use of consent to legitimise transfers as the employment relationship raises doubt over whether such consent may be freely given. Additional requirements may apply for transfers of personal data outside the EEA. Certain categories of data controllers and data processors must register with the Data Protection Commissioner before processing personal data.

Tax

Employee Tax Treatment

The employee is generally subject to income tax, the Universal Social Charge (USC) and employee PRSI when the restricted stock is granted. The employee is generally subject to income tax, USC and employees' PRSI when the RSU award vests. The employee may also be subject to capital gains tax upon the sale of stock, subject to certain exemptions.

Social Insurance Contributions

Benefits received from restricted stock and RSU plans are subject to employee PRSI (social insurance). Employer's PRSI does not apply to share based remuneration.

Tax-Favored Program

Restricted stock may qualify for a reduction of the tax charged at grant (by claiming a reduction in the taxable value of 10% per year of restriction, up to a maximum of 60% for restriction of over 5 years) subject to satisfying certain conditions.

Withholding and Reporting

The employer is responsible for deducting income tax, USC and employee PRSI (where applicable) on restricted stock and RSU's through payroll.

The Issuer or Subsidiary is required to report to the Revenue Commissioners the grant of restricted stock and the vesting of RSU awards and any taxable benefit received by employees in connection with the awards (whether at grant or vesting), by 31 March after the end of the relevant tax year.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans. With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

Employer Tax Treatment

In certain circumstances, a deduction, for the actual costs incurred by the Irish company in connection with the restricted stock or RSU awards, may be allowed provided the cost is incurred wholly and exclusively for the purposes of the trade. The deduction is generally allowed only to the extent that a taxable award has been made to an employee.

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