Spain

Employment

Labor Concerns	Employers should distribute a hard-copy disclaimer which acknowledges the employees' receipt of the Plan documents as well as the voluntary nature of the Plan. Court rulings have held that stock plan benefits are considered salary for purposes of calculating termination rights. Court rulings have also held that an employee terminated without cause may be entitled to continuation of the Stock plan benefits by applying the termination provisions for retirement or disability also in the event of a termination without cause.
Communications	Translation of Plan documents for employees is not required, but is recommended. Should any discrepancy arise and documents need to be presented to a Spanish court, official translations would be required. Government filings must be made in Spanish. Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance	Neither the grant nor the purchase of the stock is likely to trigger any prospectus requirement.
Foreign Exchange	Spanish resident individuals must make an annual filing (for administrative and statistical purposes only) declaring their interests in foreign securities.
Data Protection	Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Generally, an employer must register data processing activities and databases with Spain's data protection authorities.

Tax

Employee Tax Treatment	The employee is generally subject to tax on the value of the discount when the stock is purchased. Tax is also imposed on the gain upon sale. However, the transfer of Stock to employees up to an annual limit of €12,000 is not taxable, provided (i) it is made in the context of the general remuneration policy of the company or the company's group; (ii) none of the employees, together with their spouses and/or relatives holds a stake higher than 5% in the company; and (iii) the Stock is held for at least three years.
Social Insurance Contributions	Social security contributions are due on compensation up to a threshold. Since employees may have exceeded the social security contribution ceiling, income from the purchase of stock under an ESPP may not result in additional social security contributions. If this is not the case, the profits arising from the purchase of the stock under the ESPP would be subject to social security contributions. Social security contributions cannot be passed onto the employees.
Tax-Favored Program	None.
Withholding and Reporting	Payment on account is required, subject to certain salary thresholds, generally by the local employer. Such payment on account is generally made in the form of income tax withholdings.
Employer Tax Treatment	A deduction is available if the Subsidiary reimburses the Issuer for the cost of the ESPP benefits. A written reimbursement agreement is required (stating the criteria used to establish the amount to be paid by the Subsidiary).

