

# FORECAST 2023 PROPOSAL FOR A NEW TAX REGIME FOR THE TAXATION OF STOCK OPTIONS (1/2)

BELIM  
CASTILHO

## WHAT IS IT?



- The Government has recently proposed the creation of a new tax incentive for the acquisition of shares in start-up companies, which allows employees of these companies to be taxed on gains derived from option plans, subscription plans, allocation plans or other plans of equivalent effect only at the time of disposal of the shares acquired this way (and not, as at present, right at the time of exercise of the option) and at a flat rate of 14% (and not at progressive rates, as at present).

## WHICH COMPANIES ARE COVERED?



- The new tax incentive covers option plans, subscription plans, attribution plans or other plans with equivalent effects attributed by the following entities:

Entities	What does it mean?
PME	i. < 250 employees; <u>and</u> ii. <= 50M€ turnover <u>or</u> <= 43 M€ balance sheet total
Small Mid Cap	i. < 500 employees.
Large companies with R&D	i. > 500 employees; and ii. R&D expenses, patents, industrial designs or computer programs >= 10% of total expenses or turnover

## HOW ARE PLANS UNDER THIS INCENTIVE TAXED?



- Provided that the acquired/received shares are held for a minimum period of one year, the gains generated from these plans will be taxed as follows:

Moment	Tax base	Rate of taxation
Sale of shares	Difference between: i. Sale value; <u>and</u> ii. Exercise price of the option/right (plus the amount paid for the acquisition of the option/right)	14%  (with the option for aggregation)
Loss of resident status (exit tax)	Difference between: i. Market value; <u>and</u> ii. Exercise price of the option/right (plus the amount paid for the acquisition of the option/right)	14%  (with the option for aggregation)

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## WHO IS EXCLUDED?

- The following entities are excluded from this incentive:

Entities	What does it mean?
Shareholders	Partners/shareholders holding directly or indirectly not less than 10% of the share capital or voting rights of the entity attributing the plan.
Members of corporate bodies	Members of corporate bodies of the entity awarding the plan (except SMEs).



## WHEN DOES IT COME INTO FORCE?



- Once approved, the scheme will take effect from 1 January 2023.