Tax Treatment of Employee Equity Awards Granted by Startup Companies

Multijurisdictional Survey | June 2025

Agenda

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Belgium

Belgium

A.	Treatment of share plans of start-up companies	
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?	Not specifically. However, due to the specifics of the Belgian stock option taxation regime stock options are an extremely suitable type of reward mechanism within the start-up context.
2.	Does the incentive involve a privileged treatment of the income of the employee?	The below considers that the conditions for taxation at grant are met – see also hereafter, question nr. 5.
If yes	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	No. To the contrary, the law foresees a taxation at grant, considering a lump sum taxable basis. The actual stock option benefit exit will not be taxed.
	b Does the law provide for a tax allowance or a partial exemption? Please state the amount.	Stock options taxable at grant are taxed on a lump sum basis equal to a certain percentage of the FMV of the underlying shares at the offer date.
	c Does the law provide for a special tax rate? Please state the tax rate.	No. The stock option benefit taxable at grant is subject to the normal progressive income tax rates of 25% to 50% (+ municipality tax).
	d Is there any other incentive?	Stock options taxable at grant are social security exempt.
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.	Yes, the employer does not have to pay employer social security contributions (incl. ensuing vacation pay) on the stock option benefit.

Belgium

A.	Treatment of share plans of start-up companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	No.
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	The stock options must be offered in writing, and said offer must be accepted in writing within 60 calendar days following the offer date. The options must be granted in light of the professional activities performed by the beneficiary. The options must not be in the money at grant and may not contain a certain benefit. The lump sum taxable basis can be further reduced by 50% if certain additional conditions are met (e.g., options must relate to shares of the company the beneficiary works for or a parent thereof; exercise price must be determined at the offer date; option term may not exceed 10 years; options are not exercised during a certain period of time).
6.	Does the regime also apply to Belgian employees of a foreign company qualifying as startup company under the local tax rules?	Yes.
7.	Any other comments to be made regarding such tax incentive regime?	As the tax regime entails an up-front taxation at grant, there is the risk of paying taxes on a benefit that never materializes, e.g., if the start-up does not take off. This being said, it should be noted that typically, the FMV of start-up shares is rather low, entailing that the taxable benefit - and hence the corresponding income taxes due - are also low. The granting entity or Belgian subsidiary thereof will be under the obligation to levy wage tax withholding on the lump sum benefit taxable at grant. Such wage tax must be at charge of the beneficiary. As this constitutes an up-front taxation, on a lump sum benefit in kind, financing of said wage tax withholding by the beneficiary must be ensured (e.g., beneficiary wires wage tax withholding amount to the company-employer, or the amount is deducted from salary owed by the latter to the beneficiary).

Belgium

B.	General treatment of share plans in your country		
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?		Stock options.
Why?	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	See Slides 4 and 5.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	
	c	Does the law provide for a special tax rate? Please state the tax rate.	
	d	Is there any other incentive?	
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?		If conditions are met, the capital losses incurred will be considered tax deductible salary cost.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?		Yes.
4.	Any other comments?		See slides 4 and 5.

Belgium

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	No.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	N/A
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	N/A
4.	Any other comments?	

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Canada

Canada

A.	Treatment of share plans of startup companies		
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?		Stock option agreements to sell or issue shares to employees enable the employees, under certain circumstances, to claim a 50% tax deduction on the income tax benefit realized on the acquisition of the shares. While this deduction may be limited in some cases, such limitations should not apply where the group is a startup phase. Stock options plans also generally defer the realization of an income tax benefit to the moment where the shares are acquired (i.e., it removes all uncertainty regarding the non-application of "salary deferral arrangement rules" which can cause earlier taxation).
2.	Does the incentive involve a privileged treatment of the income of the employee?		
If yes	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Not when the group is a foreign controlled group.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	Where certain conditions are met, an employee tax deduction equal to 50% (25% or 50%, in respect of Quebec tax) of an employee stock option benefit may be available. For option agreements entered into on or after 1 July 2021, this deduction is generally subject to a limit of CAD 200,000 of options the same vesting year, calculated by reference to the fair market value of the shares at the time the agreement was entered into. This cap generally does not apply to options granted by, over shares of, and to employees of certain "startup companies."
	c	Does the law provide for a special tax rate? Please state the tax rate.	No.
	d	Is there any other incentive?	From a Canadian tax perspective, generally no.
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.		No. The employer may be disadvantaged, as they will in most cases lose the ability to claim a deduction.

Canada

A.	Treatment of share plans of startup companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	For the purpose of these rules, the term startup companies (note, this term is not used by the legislation) generally means corporations whose annual gross revenue does not exceed CAD 500 million (where a corporation is a member of a corporate group that prepares consolidated financial statements, consolidated revenue would be used for this purpose).
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	Other requirements include that the company cannot have discretion to settle the options in cash and that the shares subject to the options must be "plain vanilla common shares" (e.g., no fixed dividends, no redemption rights, etc.). Restrictions also apply in respect of the sale of the shares (e.g., to the company). The options do not need to be granted to all employees.
6.	Does the regime also apply to Canadian employees of a foreign company qualifying as startup company under the local tax rules?	Yes, as long as the employees are residents of Canada for Canadian income tax purposes.
7.	Any other comments to be made regarding such tax incentive regime?	No.

Canada

B.	General treatment of share plans in your country	
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?	Employee stock options (i.e., a right to acquire shares of the employer corporation or a related corporation).
Why?	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Employee stock options are generally subject to tax at the time the shares are acquired. However, a deferral until the time the shares are sold is available for certain options granted by "Canadian-controlled private corporations".
	b Does the law provide for a tax allowance or a partial exemption? Please state the amount.	A 50% employee tax deduction (25% or 50%, in respect of Quebec tax) is available if certain conditions are met. As previously indicated, the deduction is capped for certain corporations (excluding certain "startup companies" and Canadian-controlled private corporations).
	c Does the law provide for a special tax rate? Please state the tax rate.	No.
	d Is there any other incentive?	From a Canadian tax perspective, generally no.
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?	The disposition of an employee stock option cannot generally result in a loss for Canadian tax purposes. A loss on the disposition of shares acquired on exercise of an option can generally only be used to offset capital gains (and cannot be used to offset employment income).
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?	A corporate tax deduction may be available in certain circumstances where the employer has discretion to settle the award in cash. However, the employee tax deduction would generally not be available in respect of such awards, and such awards may be subject to "salary deferral arrangement" rules that can potentially result in tax prior to settlement/exercise. Where certain conditions are met (including certain notification requirements in respect of the employee and Canadian tax authorities), the employer may be able to claim a corporate tax deduction in respect of employee stock options subject to/in excess of the CAD 200,000 annual cap (see prior slide). Employers subject to the rules imposing the cap may also be able to claim a corporate tax deduction in respect of employee stock options they designate as being non-qualified for the employee tax deduction (again, provided certain conditions are met).
4.	Any other comments?	It is not necessary for employee stock options to be granted to every employee in order for the special treatment discussed above to be available.

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	Securities law: Securities laws in each of the provinces and territories of Canada regulate the offer or distribution of equity awards. These laws also apply to the purchase or acquisition of shares and any subsequent resale of shares acquired under equity plans. In general, such transactions are subject to both a prospectus requirement (filing a disclosure document with applicable securities regulatory authorities and issuance of receipt(s) therefor) and a dealer registration requirement, but exemptions may be available or an application for discretionary relief may be made to the relevant Canadian securities authorities. Employment law: In Canada, employees who are dismissed without cause are entitled to "reasonable notice" of termination (generally, though not always, 3 to 6 weeks of notice per year of service). If an employer chooses to provide pay in lieu of reasonable notice, the employee will be entitled to the value of all compensation and benefits they would have received had they worked through the notice period, including any equity vesting. There are ways to draft plan terms to mitigate against this risk, but specific wording is often needed and may not always be sufficient (e.g., in Quebec, where the right to reasonable notice is codified in the Civil Code). If a participating employee works in Quebec, the employer will be required to comply with local French language requirements in its communications. In all provinces, employers must comply with any applicable requirements under provincial employment standards legislation and human rights legislation.

Canada

C.	Other aspects of equity awards	
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	From a Canadian tax perspective, the employee is not prevented from negotiating the terms of an employee stock option agreement. Special rules apply where options are granted to an employee who is not at arm's length with the company.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	Yes. The potential employee tax deduction would likely be considered the key factor.
4.	Any other comments?	No.

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France

France

A.	Treatment of share plans of startup companies		
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?		Yes — the BSPCE award is frequently used by startup companies, more than RSUs and stock-options, which will not be elaborated on here.
2.	Does the incentive involve a privileged treatment of the income of the employee?		Yes.
If yes	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	No.
	c	Does the law provide for a special tax rate? Please state the tax rate.	Yes — from 30% to 47.2% for the exercise gain (and the capital gain is subject to the tax regime for capital gains on shares), excluding any surtax on high income
	d	Is there any other incentive?	Taxation upon sale.
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.		There is no social security/tax cost for the employer.

France

A.	Treatment of share plans of startup companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	Yes, the company (including a foreign company — see our comment under Section 6 below) must meet one of the following conditions of Section 163 bis G of the French Tax Code: i. Companies (i) whose securities are not admitted to trading on a French or foreign regulated market operated by a market undertaking, an investment services provider or any other similar foreign bodies, or (ii) whose securities are admitted to trading on such a market of a member country of the European Economic Area but whose market capitalization is below EUR 150 million, or has not exceeded this threshold for more than three years ii. Companies that have been incorporated with the Registry of Trade and Companies for less than 15 years iii. Companies that are liable to corporate income tax in France iv. Companies where at least 25% of the capital has been directly and uninterruptedly held by natural persons or legal entities with at last 75% of their own capital held by natural persons (note that some investment funds are excluded for the assessment of this specific condition) v. Companies that have not been set up within the framework of a merger, a restructuring, an extension or a resumption of pre-existing business activities, unless they meet the requirements set forth in Article 39 quinquies H I of the French Tax Code vi. Companies that have been set up within the framework of a merger, a restructuring, an extension or a resumption of pre-existing business activities, insofar as the requirements set forth in Article 163 bis G of the French Tax Code are met
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	Pursuant to Article 163 bis G of the French Tax Code, the following persons can be granted BSPCEs: i. The salaried employees of the issuers ii. Their corporate officers who are subject to the employee tax regime iii. Salaried employees and corporate officers subject to the employee tax regime working in companies in which the issuer holds at least 75% of the capital or voting rights

A.	Treatment of share plans of startup companies	
6.	Does the regime also apply to French employees of a foreign company qualifying as startup company under the local tax rules?	From 1 January 2020, foreign companies are eligible to grant BSPCEs. The above-mentioned regime of Article 163 bis G of the French Tax Code will thus apply to BSPCEs granted under the same conditions (conditions linked to the company, to beneficiaries, etc.) by the following companies: ▪ Companies whose registered office is established in a member state of the EU or in a state or territory that has concluded a tax treaty with France, which includes an administrative assistance clause on tax fraud or tax evasion. ▪ Companies that are liable in the state or territory in which their head office is situated to a tax comparable to corporate tax.
7.	Any other comments to be made regarding such tax incentive regime?	Prior to the 2025 French Finance Bill, a single gain was subject to taxation when selling securities subscribed through exercise of BSPCE, defined as the difference between the sale price of the subscribed securities after deducting the seller's costs and taxes and the exercise price of the BSPCE. This gain was entirely taxed as capital gains on shares, at a rate depending on how long the beneficiary had been with the company at the date of sale. Article 92 of the 2025 French Finance Bill divides this gain into two different types of gain, each subject to a separate regime, namely (i) an exercise gain and (ii) a capital gain.

B.	General treatment of share plans in your country		
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?		BSPCE.
Why?	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes, taxation upon sale.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	Yes, a specific tax rate.
	c	Does the law provide for a special tax rate? Please state the tax rate.	Yes — from 30% to 47.2% for the exercise gain (and the capital gain is subject to the tax regime for capital gains on shares), excluding any surtax on high income
	d	Is there any other incentive?	BSA awards (similar to warrants) are offered to managers and potentially subject to capital gain taxation. However, this type of award is subject to challenges by French tax and social administrations and is subject to a high risk of requalification as salary income (even more since July 2021).
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?		Capital losses are offsetable against the capital gain of the same fiscal year and the following 10 years.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?		Under conditions.
4.	Any other comments?		The exercise price of the BSPCE is subject to specific requirements. It is determined by the board of the company or by a company's auditor report on the grant date and must reflect the value of the underlying share on the grant date. When the company carries out a share capital increase in the six months preceding the grant date, the BSPCE exercise price must be at least equal to the issuance price of the share resulting from this capital increase. However, if the rights under the BSPCE underlying shares are not identical to the rights of the shares issued at the time of the last-mentioned capital increase, a discount can be applied to determine the BSPCE exercise price, corresponding to the difference in rights.

France

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	Startup companies: specific attention is to be paid to the risk of awards eligible for a favorable regime being requalified as salary benefit for other incentives.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	A profit-sharing plan exists in France subject to conditions and specific rules.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	Yes, the key factor is the taxable event of BSPCE gains upon sale and no social taxes for the employer.
4.	Any other comments?	No.

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Germany

Germany

A.	Treatment of share plans of startup companies	
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?	Yes, Germany has a special tax regime applicable to employee equity awards granted by startup companies. It applies to transfers of shares to employees after 30 June 2021.
2.	Does the incentive involve a privileged treatment of the income of the employee?	Yes.
If yes	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes. With respect to all transfers after 30 June 2021, the taxation occurs 15 years after the transfer of the shares to the employee or — if earlier — at the time of the transfer of the shares by the employee (either against payment or not) to a third party or at the time of the termination of the employment relationship.
	b Does the law provide for a tax allowance or a partial exemption? Please state the amount.	There is no special tax allowance for startup companies. However, the general tax allowance (which only applies if all employees employed by the company for one year or more are eligible to participate in the plan) was increased to EUR 2,000 in 2024. Employees of startup companies can benefit from this tax allowance if the requirements are met.
	c Does the law provide for a special tax rate? Please state the tax rate.	No.
	d Is there any other incentive?	In general, the value of the shares at the time of their transfer to the employee is decisive in determining the taxable amount. If, however, the fair market value of the shares has decreased by the time of the taxable event, this lower fair market value (less any payments made by the employee) will be taxed as income from employment. This does not apply so far as the decrease in value has not been caused by operations or is due to the corporate law measures, particularly the payment of dividends or repayment of capital. The increase in value and dividend distributions, on the contrary, are generally subject to the 25% flat income tax rate or, if certain requirements are met, the so-called partial income procedure, according to which 40% of the realized income is tax-free. If the employment relationship is terminated, the law provides for further relief, stating that in any such case the wage tax assumed by the employer does not have to be treated as taxable salary.

Germany

A.	Treatment of share plans of startup companies	
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.	No.
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	Yes, eligible companies must be founded no more than 20 years ago and must qualify as small or medium-sized enterprises at the time of the transfer or in the preceding calendar year. To qualify as a small or medium-sized enterprise, the following thresholds must not be exceeded: ▪ Fewer than 1,000 employees ▪ No more than EUR 100 million in annual sales ▪ No more than EUR 86 million in annual balance sheet total
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	The tax deferral is only available if the equity award is granted in addition to the regular salary. The general tax allowance of EUR 2,000 is subject to the requirement that all employees employed by the company for one year or more must be eligible to participate in the plan. The tax deferral as available under the new regime is not subject to this condition. Employees of startup companies can benefit from this tax allowance in addition to the tax deferral if the requirements of the tax allowance are met.
6.	Does the regime also apply to German employees of a foreign company qualifying as startup company under the local tax rules?	No.
7.	Any other comments to be made regarding such tax incentive regime?	N/A

Germany

B.	General treatment of share plans in your country		
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?		Phantom stock programs were often used in the past by startup companies in Germany. This might change due to the recently introduced special tax regime providing for a tax deferral of up to 15 years if actual shares are transferred to employees.
Why?	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Before the implementation of the new regime, German tax law did not provide for a special provision that defers the taxable event until the "exit" event. However, phantom stock programs have regularly been structured so that the taxable event is deferred until the "exit."
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	Before the implementation of the new regime in 2021, under German tax law, the amount of the general tax allowance for employee equity participations was EUR 360. This amount was increased to EUR 2,000 per calendar year in 2024. However, this tax exemption does not apply if no shares are issued, so it does not apply in the case of phantom stock programs. Furthermore, in the case of usual equity awards involving the actual issuance of shares, this tax exemption only applies if the award has been granted in a uniform manner to all employees within the meaning of German tax law who have been employed for more than one year, i.e., to all individuals in a current employment relationship with the company, including any part-time employees, trainees, employees on parental leave and pensioners continuing working.
	c	Does the law provide for a special tax rate? Please state the tax rate.	No. With respect to income realized upon payment of cash under phantom stock programs, such income generally qualifies as salary subject to the ordinary income tax rate of up to 45% (plus solidarity surcharge and church tax, if applicable). Under the recently introduced tax regime, the increase in value in the shares transferred to the employee and dividend distributions are subject to the same general rules as applicable to capital gains from the sale of shares and dividends (i.e., the 25% flat income tax rate or, if certain requirements are met, the so-called partial income procedure, according to which 40% of the realized income is tax-free).
	d	Is there any other incentive?	Before the implementation of the new regime, no. Under the new regime, see Section A. 2. d

Germany

B.	General treatment of share plans in your country	
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?	No.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?	As a matter of principle, the employer may only deduct expenses if it has borne the factual economic burden of such expenses and the expenses relate to its business.
4.	Any other comments?	No.

Germany

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	The transfer of shares in a GmbH (legal form commonly used by startup companies) requires a notarization. That makes usual equity awards that involve the transfer of shares in a GmbH expensive and time-consuming. Under the recently introduced regime, the tax deferral also applies if the shares are held indirectly by the employee via a partnership. Such indirect ownership structure is often implemented in practice to avoid notarization of the transfer of shares in corporations in the case of changing employees.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	No.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	Not yet, as the new regime has recently been implemented.
4.	Any other comments?	No.

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Italy

A.	Treatment of share plans of startup companies		
1.		Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?	Yes. Employee equity awards granted by startup companies meeting certain requirements (see Section 4 below) and by companies directly controlled by such startup companies are exempted from employment income taxation in the hands of the recipients. This exemption also applies for social insurance purposes.
2.		Does the incentive involve a privileged treatment of the income of the employee?	Yes — see above.
If yes	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes. The attribution of the equity instruments does not trigger employment income taxation. The employees will be taxable on the capital gain at the moment of the sale of the equity instruments. However, the capital gains deriving from the sale of newly issued shares or quotas of startup companies subscribed between 1 January 2021 and 31 December 2025 are exempted from taxation, provided that the holder does not sell or dispose of the shares or quotas within three years of the acquisition.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	There is an entire exemption.
	c	Does the law provide for a special tax rate? Please state the tax rate.	No.
	d	Is there any other incentive?	There are many other incentives for investments in and by innovative startups, not specifically for share plans.
3.		Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.	No.

A.	Treatment of share plans of startup companies	

4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	Yes. The benefit described in Section 1 is applicable to the extent that the entity that issues the equity instruments qualifies as a "startup innovativa" (innovative startup) or is controlled by a "startup innovative". According to the relevant regulation, a business entity qualifies as such if the following requirements are met:
		▪ It is a microenterprise or a small or medium-sized enterprise, as defined in Commission Recommendation 2003/361/EC of May 6, 2003
		▪ It is tax resident in Italy or in the EU or in a State of the European Economic Area, provided it has a production site or branch in Italy.
		▪ It is not the result of an M&A transaction.
		▪ It has been established for no more than five years.
		▪ Its shares are not listed in the stock market.
		▪ Its core business consists of the development, production and trade of highly technologically advanced products or services.
		▪ Its total yearly value of production does not exceed EUR 5 million, starting from the second year of operation.
		▪ It does not distribute dividends.
		▪ It satisfies at least one of the following additional requirements:
		  ▪ It incurs, on a yearly basis, R&D expenses of at least 15% of the higher value between the cost and the value of production.
		  ▪ At least one-third of its employees qualify as highly qualified personnel.
		  ▪ It is the holder of at least one intellectual property asset.

A.	Treatment of share plans of startup companies	
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	The shares or financial instruments granted to employees must not be repurchased by the innovative startup, the issuing company or any entity that directly controls or is controlled by the innovative startup or is controlled by the same entity that controls the innovative startup. If one of the above sale-triggering taxations is made, the previously exempted amount will be subject to income tax in the year of sale.
6.	Does the regime also apply to Italian employees of a foreign company qualifying as startup company under the local tax rules?	Yes, to the extent the foreign company is tax resident in the EU or in a State of the European Economic Area, provided it has a production site or branch in Italy
7.	Any other comments to be made regarding such tax incentive regime?	No.

Italy

B.	General treatment of share plans in your country		
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?		Stock options.
Why?	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	No — according to general law, the exercise of stock option rights triggers employment income taxation in the hands of the employees.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	If the stock options are offered to the generality of the employees, the spread realized upon option exercise is exempted from employee income taxation and social insurance in the hands of the recipients up to EUR 2,065.83, provided that the employee does not sell the shares acquired under the stock option plan to the issuing company or the employer, or otherwise sell or dispose of the shares within three years of share acquisition.
	c	Does the law provide for a special tax rate? Please state the tax rate.	No.
	d	Is there any other incentive?	
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?		Generally, individuals, including employees who acquired shares through the participation in employee share plans, may use capital losses to offset capital gains realized in the same year or in the subsequent four years, but cannot use them to offset other types of income.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?		Yes, under certain conditions.
4.	Any other comments?		No.

Italy

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	No, to the extent of our knowledge and expertise.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	No.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	Yes, the tax relief applicable to equity awards to employees of innovative startups is the key factor of the plan's attractiveness.
4.	Any other comments?	No.

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Netherlands

Netherlands

A.	Treatment of share plans of startup companies	
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?	No.
2.	Does the incentive involve a privileged treatment of the income of the employee?	No.
If yes	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	For Dutch qualifying employee stock options where the first vesting occurs after 1 January 2005 (new regime options), the taxable moment for the purpose of 'Box 1' (which aims to tax income from work and the private dwelling) is the first moment when the employee has the opportunity to dispose of the shares he acquired upon exercising the stock option right (i.e., the 'moment of first tradability'). Whether he actually disposes of the acquired shares at that moment, is irrelevant. Exceptions 1. If the employee is not allowed to dispose of the acquired shares as a result of a contractual restriction, the taxable moment is deferred to maximally five years following an IPO of the company in which the shares are held, or - if it concerns a company that is already listed upon exercise of the stock option - to maximally five years following the exercise of the stock option. If the employee is not allowed to dispose of the acquired shares as a result of a legal restriction, the taxable moment is deferred until such legal restriction lapses. Special rules apply if the employee disposes of the acquired shares, in violation of those restrictions, before the stock option has been taxed under application of the rules mentioned here; 2. If the shares that the employee obtained upon exercise of his stock option are not immediately tradable, then at the employee's discretion, taxation may occur at the time of exercise of that option. However, this only applies if the employee notifies his Dutch wage tax withholding agent of his choice in writing, at the latest at the time of exercising the option. The Dutch wage tax withholding agent should then keep a record of his choice with its payroll administration; 3. If the option right itself is disposed of, taxation occurs at such disposal of the option right.

A.	Treatment of share plans of startup companies		
If yes	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	The taxable amount is either: 1. Real Fair Market Value for Dutch tax purposes ("FMV") of the shares obtained upon exercise of the option at the time of: a. The exercise of the option, if the acquired shares are immediately tradable or the relevant election for taxation at exercise is made; or b. The acquired shares becoming tradable, if the shares are not immediately tradable and no election for taxation at exercise is made; or 2. The benefit that the employees received with regard to the disposal of the option right itself. The taxable amount is reduced by the amount charged to the employees in respect of the option, but not to an amount lower than nil. If the shares obtained upon exercise of an employee stock option are not immediately tradable, and the question of whether those shares become tradable depends partly or entirely on uncertain factors that are largely beyond the employee's sphere of influence, rules may be established by Dutch ministerial regulation to cover situations where certain shares are deemed to be non-tradable, partially tradable or fully tradable. As yet, we are not aware of any such rules having been published.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	No.
	c	Does the law provide for a special tax rate? Please state the tax rate.	No.
	d	Is there any other incentive?	No.
3.		Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.	No.

Netherlands

A.	Treatment of share plans of startup companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	N/A
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	N/A
6.	Does the regime also apply to Dutch employees of a foreign company qualifying as startup company under the local tax rules?	N/A
7.	Any other comments to be made regarding such tax incentive regime?	On 17 April 2025, the Dutch government published its 2025 Spring Memorandum, in which it announced its intention to introduce a new tax scheme, aiming to encourage employee participations at start-ups and scale-ups. If introduced, this scheme should offer employees of innovative start-ups and scale-ups a lower tax levy in 'Box 1' (which aims to tax income from work and the private dwelling). The measure should incentivize innovative companies and help attract human capital. The lower levy should be designed in such a way that the income base from stock options is reduced to 65%. As a result, the effective tax rate should be approximately the same as the lower rate that applies in 'Box 2' (which aims to tax income from substantial shareholdings). It is the intention to effectuate the reduction of the tax base through Dutch payroll taxes. In addition, a possibility for a later moment of levy will be introduced, namely upon the actual sale of the acquired shares. The definition of start-ups and scale-ups as proposed for 'Box 3' (which aims to tax income from savings and investments) as of 2028, should be used to determine when a company is considered an innovative start-up or scale-up. A process is currently underway with the Netherlands Enterprise Agency (RVO) to explore whether this agency can play a role in determining whether a company qualifies as an innovative start-up or scale-up.

B.	General treatment of share plans in your country		
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?		The employee stock option is most commonly used and is seen as the most beneficial for the employee.
Why?	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Refer to point 2 under Section A.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	No.
	c	Does the law provide for a special tax rate? Please state the tax rate.	No.
	d	Is there any other incentive?	No.
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?		No, assuming the shares do not constitute a so-called a substantial interest (≥ 5% of any class of shares in the company, including options thereon) nor a lucrative interest (certain shares, claims or similar economic rights which are regarded as a reward for activities carried out for affiliated persons or entities, and which represent a leveraged structure and / or carry specific management conditions) under Dutch tax law.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?		For shares, share options and similar qualifying rights granted on or after 1 January 2007 (equity-settled rights), it is no longer possible to claim a Dutch corporate tax deduction. Still, the costs relating to cash-settled equity incentives, such as stock appreciation rights (SARs) and phantom stock, are still deductible for corporate tax purposes after 1 January 2007, provided certain additional conditions are met (i.a., specific rules apply for certain high-earning employees). The setup, administration and ongoing costs relating to equity incentive plans are still deductible for Dutch corporate tax purposes.
4.	Any other comments?		No.

Netherlands

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	Not that we are aware of.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	Not that we are aware of, other than perhaps via the Works Council.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	An international comparative study commissioned by the Dutch Ministry of Economic Affairs revealed that The Netherlands ranks 22nd out of 25 in terms of international employee participation schemes. Employee participation is apparently less attractive in The Netherlands compared to other countries, partly due to a relatively high progressive rate in 'Box 1' and the timing of taxation, which in many countries coincides with the actual sale of the shares. The growth of startups into scale-ups in The Netherlands also apparently lags behind the EU average. One of the biggest obstacles is access to talent. To attract talent, companies need to offer a competitive benefits package, with employee participation being a crucial component. This has been the impetus for the proposed new legislation mentioned under point 7 under Section A.
4.	Any other comments?	No.

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Spain

Spain

A.	Treatment of share plans of startup companies	
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?	Yes — as of 1 January 2023, there are special tax incentives for employee equity awards granted by startup companies. These special tax incentives are more favorable than those that generally apply to all types of companies (not only startups).
2.	Does the incentive involve a privileged treatment of the income of the employee?	Yes.
If yes	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes — in order to defer taxes on income earned in excess of the exemption threshold (see below), the taxable event will now take place when a liquidation event occurs (when the company is listed on a regulated market or when the stake is sold) or, if no such event occurs, when 10 years have elapsed from the date on which the shares were granted.
	b Does the law provide for a tax allowance or a partial exemption? Please state the amount.	Yes. There are two incentives: i. A yearly exemption of up to EUR 50,000 per employee for the delivery of shares or stock options granted to the startup employees (EUR 12,000 for employees of other types of companies), provided that certain requirements are met (i.e., the offer is to be made within the company's general remuneration policy and it contributes to the employees' participation therein). In the case of stock options, the company must meet the requirements to be considered a startup when the options are granted (and not when the shares are delivered). ii. A 30% reduction over any amount not exempt, provided that certain requirements are met. The most important ones are that (i) the income must be deemed to be generated in more than two years and (ii) the employee can only apply this benefit once every six years. Furthermore, the maximum base to which the reduction can apply is EUR 300,000 per year.
	c Does the law provide for a special tax rate? Please state the tax rate.	No.
	d Is there any other incentive?	There are significant deductions in the investor's personal income tax for their investment in startup companies (50% of their investment up to EUR 100,000) if certain requirements are met.
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.	No.

Spain

A.	Treatment of share plans of startup companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	Yes — among other things, the startup company must (i) be less than 5 years old, although this limit is extended to seven years for companies in the biotechnology, energy, industrial or strategic sectors, (ii) have its domicile and 60% of its workforce in Spain, (iii) not be listed on a regulated market and (iv) not have an annual turnover greater than EUR 10 million.
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	See above. To apply the tax benefits, it is necessary that Spain's National Innovation Agency (ENISA) declares the company's innovative nature and assess the startup's nature so that it can be registered as a startup with the Commercial Registry or Cooperatives Registry.
6.	Does the regime also apply to Spanish employees of a foreign company qualifying as startup company under the local tax rules?	Yes.
7.	Any other comments to be made regarding such tax incentive regime?	No.

Spain

B.	General treatment of share plans in your country	
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?	RSUs/stock options/shares.
Why?	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	No, unless the company qualifies as a startup. In the case of non-transferrable stock-options and RSUs, the understanding of the tax authorities is that the taxable event does not take place until exercise/vesting. However, once you become shareholder (or receive cash), you are taxed. The key point here is the valuation at the time of the delivery of the shares.
	b Does the law provide for a tax allowance or a partial exemption? Please state the amount.	Yes. There are two incentives: ▪ A yearly general EUR 12,000 exemption, provided that certain requirements are met. The most relevant ones are that (i) all employees of the company need to have access to the equity awards (there are limited possibilities of excluding some employees), (ii) the remuneration must be made in the shares of the company (or the group) and (iii) employees must hold the shares, at least, for three years after delivery. ▪ A 30% reduction over any amount not exempt, provided that certain requirements are met (see Section A.2.b).
	c Does the law provide for a special tax rate? Please state the tax rate.	No.
	d Is there any other incentive?	No.
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?	No.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?	No.
4.	Any other comments?	See comments in the previous section.

Spain

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	No.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	No.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	This was very much the case in the past, since the general EUR 12,000 exemption and the 30% reduction were much easier to apply. Today, the general attractiveness has been reduced, except for companies that qualify as startups. For startups, the attractiveness of equity awards will significantly increase as a consequence of the new tax incentives applicable as of 1 January 2023.
4.	Any other comments?	No.

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UK

UK

A.	Treatment of share plans of startup companies		
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?		There are EMI options but these are not specifically for startups, just for small companies
2.	Does the incentive involve a privileged treatment of the income of the employee?		Yes.
If yes	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	No.
	c	Does the law provide for a special tax rate? Please state the tax rate.	Yes — income is converted into capital at a rate of 14% (rising to 18% from 6 April 2026).
	d	Is there any other incentive?	Yes — there is the ability to qualify for a more favorable capital gains tax rate (14% instead of 24%).
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.		Yes — there are no employer social security costs. There is an automatic statutory deduction for share-based payments, provided certain conditions are met. This is not specific to EMI options.

A.	Treatment of share plans of startup companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	There are certain requirements, such as the following: ▪ No more than 250 full-time employees ▪ Gross assets of no more than GBP 30 million ▪ Independent and trading in the UK ▪ Certain trades are excluded (e.g., financial services)
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	The employee must meet certain working conditions and sign a working-time declaration. The employer must notify the employee of restrictions that will apply to shares upon exercise. The employer must notify the grant to HMRC by 6 July following the end of the tax year in which grant occurs. No — this is a discretionary plan and does not need to be granted to every employee.
6.	Does the regime also apply to UK employees of a foreign company qualifying as startup company under the local tax rules?	One of the conditions for EMI options is that the company must have a permanent establishment in the UK carrying on a qualifying trade on a commercial, profit making basis.
7.	Any other comments to be made regarding such tax incentive regime?	The government had previously consulted on the EMI scheme and its effectiveness and has declared that it is not changing the EMI regime.

UK

B.	General treatment of share plans in your country		
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?		EMI options (see previous slide).
Why?	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	Yes.
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	No.
	c	Does the law provide for a special tax rate? Please state the tax rate.	Yes — income is converted into capital at a rate of 14% (rising to 18% from 6 April 2026).
	d	Is there any other incentive?	Yes — there is the ability to qualify for a more favorable capital gains tax rate (14% instead of 24%).
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?		Yes — losses can be used against other capital gains. They cannot be used against income.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?		There is a statutory, automatic deduction for share-based payments on the difference between the value of the shares upon acquisition and any amount paid by the employee, provided that certain conditions are met.
4.	Any other comments?		No.

UK

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	Employers have to file an annual share plan return online with HMRC. Unless employees are giving consideration, grants of tax-favorable options must be granted by way of deed.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	No.
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	Potentially — HMRC estimates that 19,990 companies operate an employee share scheme and this rise is driven in part by EMI options (see statistics in link below). Employee Share Schemes statistics: commentary - GOV.UK (www.gov.uk)
4.	Any other comments?	No.

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USA

A.	Treatment of share plans of startup companies		
1.	Does your country have any special tax incentives or tax regimes applicable to employee equity awards granted by startup companies?		No.
2.	Does the incentive involve a privileged treatment of the income of the employee?		N/A
If yes	a	Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	N/A
	b	Does the law provide for a tax allowance or a partial exemption? Please state the amount.	N/A
	c	Does the law provide for a special tax rate? Please state the tax rate.	N/A
	d	Is there any other incentive?	N/A
3.	Does the incentive involve a privileged treatment of the employer (e.g., special deduction)? If so, please explain the incentive briefly.		N/A

A.	Treatment of share plans of startup companies	
4.	Does the law provide for a definition of "startup company"? If so, please describe the key requirements of the definition briefly?	N/A
5.	What other requirements must be met for such tax incentive regime to apply? Does an equity award have to be offered to every employee of the company in order to benefit from tax incentives, or is a selection of the beneficiaries by the company/employer allowed for?	N/A
6.	Does the regime also apply to US employees of a foreign company qualifying as startup company under the local tax rules?	N/A
7.	Any other comments to be made regarding such tax incentive regime?	N/A

B.	General treatment of share plans in your country	
1.	What is the most tax-efficient/ most commonly used equity award by startup companies in your country for the employee?	83(b) election: A Section 83(b) election allows an employee who receives "restricted stock" to elect to have the fair market value of the stock included as income when it is granted rather than when it vests. Any company, but especially a startup company, can take advantage of the Section 83(b) election. If employees make the Section 83(b) election, they will report the income in the year the restricted stock is granted (at ordinary tax rates). Appreciation from the date of grant forward will be taxed at capital gain rates. The advantage of accelerating income recognition is based on the assumption that the fair market value of the stock will increase over time. Incentive stock options: Stock options may be granted as tax-qualified incentive stock options (ISOs). ISOs are subject to the requirements of Section 422 of the US Internal Revenue Code and may only be granted to employees of the company and qualified subsidiaries. ISOs are not subject to US federal taxation until the shares acquired at exercise are sold, and if a prescribed holding period is met, any gain upon sale is taxed at long-term capital gains rates (generally lower than an employee's ordinary income tax rates, which apply to non-qualified stock options). In addition, social security taxes do not apply to the option income. Others: There are other statutory provisions allowing for tax-efficient mechanisms for equity awards, but these are not often used by startup companies. Most recently, a new provision, Section 83(i), was enacted. However, it is used infrequently given its impractical requirements and limited benefits.
Why?	a Does the law provide for a deferral of the taxable event, e.g., until the "exit" event (meaning sale of the equity participation)?	83(b) election: No. Incentive stock options: Yes.
	b Does the law provide for a tax allowance or a partial exemption? Please state the amount.	The maximum amount of ISOs that an employee can receive per year is USD 100,000. If the fair market value of shares with respect to which ISOs are first exercisable by an employee during any calendar year exceeds USD 100,000 (based on the fair market value of the shares on the date of grant), such options will be treated as non-qualified stock options.
	c Does the law provide for a special tax rate? Please state the tax rate.	As mentioned above, for ISOs, provided a prescribed holding period is met, any gain upon sale is taxed at long-term capital gains rates (generally lower than an employee's ordinary income tax rates).

B.	General treatment of share plans in your country	
Why?	d Is there any other incentive?	No.
2.	Does your country allow losses incurred upon the sale of the equity participation to be used with income other than that from capital investment?	No. Capital losses may be used to offset, up to an applicable annual limit, against any capital gains realized in the same year. Any capital losses in excess of the applicable annual limit may be carried forward to future tax years.
3.	Is the employer allowed to deduct business expenses in connection with granting stock options to its employees?	83(b) election: Yes. Generally, companies can take a corporate tax deduction when restricted awards vest. However, where the employee has made a Section 83(b) election, the company's deduction is accelerated to the grant date. In situations where the stock price has increased during the restriction period, the Section 83(b) election results in a lower corporate tax deduction than if the election had not been made. Incentive stock options: Because the employee does not recognize taxable income on the exercise of an ISO, the employer may not take a corporate tax deduction in connection with the award. Note that for non-qualified stock options, the company may take a corporate tax deduction equal to the amount of ordinary income recognized by the employee at exercise.
4.	Any other comments?	No.

C.	Other aspects of equity awards	
1.	Apart from tax law, are there any other prerequisites or obstacles that impair the attractiveness of employee equity awards (for example, formal requirements)?	Yes. The US federal Securities Act of 1933, as amended, and state securities laws regulate the offer of equity awards. These laws also apply to the purchase or acquisition of shares and any subsequent resale of shares acquired under equity plans. In general, the Securities Act of 1933 requires that such transactions be registered with the US Securities and Exchange Commission (SEC) or be exempt from registration. Similarly, state securities laws (also known as "Blue Sky Laws") require the issuer to register with the state securities authorities or qualify for an exemption for such transactions in the particular states where employees reside. If the company is privately held or otherwise not subject to the reporting obligations of the US Securities Exchange Act of 1934, as amended, to avoid registration requirements, companies will need to rely on an exemption from registration at the federal level and in each of the relevant states in which awards are offered.
2.	Does the law in your country provide for the possibility for the employees themselves to influence the arrangement of the equity award (for example, some kind of employee participation)?	Yes (see Section 83(b) above).
3.	Did the tax regime in your country help to effectively raise the number of and the attractiveness of equity awards granted to employees? What was the key factor here?	Yes, especially for startup companies. Both regimes allow employees to take advantage of a lower capital gains rate on equity compensation.
4.	Any other comments?	No.

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