Global Reward Update — Wrap Up

December 2025

Ahead of the festive break, we thought it would be a good time to circulate a few key changes impacting global incentive plans since our last update. Some are an update on information provided in previous Global Reward Updates (GRUs) and others are new developments.

We hope this summary is useful, and if you have any questions, please do get in touch with your usual Deloitte contact or any of the Incentives partners listed on the final page.

Please use the links below for each of the country updates:

Global tax & legal updates

Belgium — New 10% capital gains tax on financial assets

Belgium's federal government has approved the preliminary draft law introducing a new capital gains tax on financial assets. Once enacted, the new tax will apply to capital gains on financial assets realised from 1 January 2026, with a step-up for historical capital gains accrued as of 31 December 2025. Please note, that specific provisions determine how the value can be determined for non-quoted companies on that date.

The new capital gains tax rate would be 10%. An annual exemption of EUR 10,000 would be available (increasing to EUR 15,000 in specific circumstances).

The new regime would affect employee share and share option plans, as described below:

Typically, employee share options accepted in writing within 60 days of the offer are taxable in Belgium only at the time of grant, not upon exercise or subsequent sale of the shares. From 1 January 2026, the capital gain realised at exercise would remain exempt, but any capital gain accrued after exercise would be subject to the new tax regime.

In relation to free shares (such as restricted and performance shares) and shares purchased at a discount, there would be no further taxation of the discount element (which would already have been taxed as professional income or exempt under a specific provision of law). However, capital gains tax would be due on the difference between the sale price and the market value at acquisition, subject to the annual exemption described above.

It should be noted that alongside the new 10% capital gains tax on financial assets (default regime), the following specific regimes exist:

- the 33% rate applicable to capital gains that are abnormal or speculative (existing regime);
- the 16.5% rate applicable to capital gains arising from the sale of a substantial interest (20%) in a Belgian company to a company outside the European Economic Area (reform of existing regime with a 1 million base exemption);
- the progressive rate between 1.25% and 10% applicable to capital gains arising from a sale of a substantial interest (20%) in a company (new regime with a 1 million base exemption);
- the 33% applicable to capital gains from the sale of shares to a company (in)directly controlled by the taxpayer (new regime).

We will keep the draft legislation under review and will provide any necessary updates in due course. In the meantime, **please contact us** if you would like to have a more in-depth discussion or have any questions relating to the above.

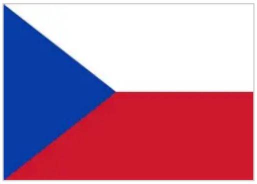
Canada — Proposed changes to capital gains and stock option inclusion rate withdrawn

Since May 2024, we have been following the progress of the proposed changes to the capital gains and stock option inclusion rates in Canada, most recently in our April 2025 Wrap Up (link).

The 2024 federal Budget had proposed an increase in the capital gains inclusion rate from 50% to 66.67% for capital gains realised after 24 June 2024, and a corresponding reduction in the stock option deduction from 50% to 33.33%. On 31 January 2025, the Minister of Finance announced that the federal government was deferring the effective date of the capital gains inclusion rate changes from 25 June 2024 to 1 January 2026.

We can now confirm that the proposed changes have now been withdrawn and will no longer come into force on 1 January 2026.

Please contact us if you have any questions relating to the above, or if you would like our assistance in preparing communications to any of your employees regarding the impact of these changes.



Czech Republic — Further changes to the optional deferral regime

The Czech parliament has approved further changes to the taxation of income from employee stock ownership plans (ESOPs).

In our December 2024 GRU Wrap Up (link), we included an update relating to the optional deferral regime which came into effect on 1 April 2025, with retroactive impact on awards settled in shares between 1 January 2024 and 31 March 2025. For shares acquired after 1 April 2025, employers must notify the Czech tax office that they intend to use the deferral regime by the 20th day of the month following the month in which the shares are acquired. If no notification is made by this deadline, the income is taxable without deferral.

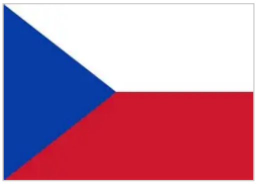
Additional minor changes to the optional deferral regime will come into effect on 1 January 2026.

The latest amendment introduces the following revisions to the list of ‘deferred taxable events’ under the deferral regime:

- The point at which an employee or employer ceases to be a tax resident of the Czech Republic will no longer be treated as a deferred taxable event; and
- The expiry time from the date of acquisition of the employee’s shares will be extended from 10 years to 15 years.

It should be noted that this amendment will apply only in respect of shares acquired after 1 January 2026 and will not apply to shares acquired between 1 January 2024 and 31 December 2025 under the deferral regime.

Please let us know if you would like to discuss the deferral regime in more detail.



Czech Republic — Alternative tax regime for employee stock options in start-ups

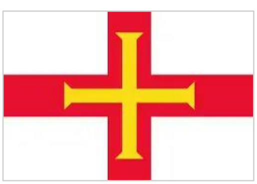
With effect from 1 January 2026, the Czech Republic will introduce an alternative tax regime in relation to qualified employee stock options in start-up companies. The new regime will allow income from the exercise of employee stock options (or from their cash settlement) to be taxed as capital gain, instead of taxing it as standard employment income, where certain qualifying conditions are met (see further below). No social security charges will be due under this regime.

The new regime will only apply to 'start-up' companies where the conditions set by legislation are met. The qualifying conditions include:

- The requirement for a minimum vesting period of 3 years (except where there is an earlier exit or IPO);
- A turnover limit of CZK 2.5 billion; and
- A total assets limit of CZK 2 billion for the group of qualified employers.

Certain business sectors are excluded from the new regime and there will be a requirement to notify. In addition, there will be certain restrictions on the application of the capital gains tax exemption under the new regime.

Please contact us if you would like to discuss the new regime in further detail or you require any assistance in understanding the eligibility requirements.



Guernsey — Changes to taxation of share award schemes and options

In October 2025 we issued a Global Reward Update for Guernsey (here is the link).

The State of Guernsey has now approved the change to the timing of tax and social security payments for share award and share option schemes. This change stipulates that, in Guernsey, such payments will now be due upon vest/exercise, rather than at the point of grant.

Please contact us if you would like any assistance regarding the above.

Israel — Tax relief for new immigrants and returning residents

On 6 November 2025, the Israel Minister of Finance announced proposed tax reforms for new immigrants and returning residents designed to encourage immigration and ease economic integration. A "Government Resolution Proposal" was published and is currently awaiting government approval ahead of the advancement of the 2026 budget.

Under the proposals, new immigrants and veteran returning residents (defined as individuals who have been non-Israeli residents for at least 10 years), who immigrate or return to Israel during 2026, will qualify for substantial tax relief.

If the Government Resolution Proposal is approved, new immigrants and returning residents will be exempt from tax on income derived from 'personal exertion' within Israel, up to the following annual ceilings:

- In 2026 and 2027, income up to 1,000,000 NIS;
- In 2028, income up to 600,000 NIS;
- In 2029, income up to of 350,000 NIS;
- In 2030, income up to 150,000 NIS.

This new benefit will be provided in addition to, and concurrently with, existing tax benefits available to new immigrants and returning residents, such as tax exemptions on foreign income for specified periods and tax credit points.

Should the Proposal be approved, the legislative amendment will only take effect following approval by the Finance Committee and the Knesset.

We will monitor the progress of the proposals and will provide updates as required. **In the meantime, please contact us** if you would like to discuss this topic or need our assistance regarding any of the above.

Netherlands — Expatriate tax allowance

As discussed in our December 2024 Global Wrap up (link), the 30% tax-free expatriate allowance remained in place for 2025 and will continue to apply during 2026. As of 2027, the tax-free allowance will be reduced to 27%, and the facility will be renamed the "Expat Facility". Employees who were already benefiting from the Expat Facility in December 2023 may continue to apply the 30% tax-free allowance until the end of the 5-year period under transitional legislation.

A salary cap has been applied to the Expat Facility since 1 January 2024. The maximum tax-free allowance is capped at €73,800 (30% of €246,000) for 2025 and at €78,600 (30% of € 262,000) for 2026, unless the transitional legislation applies.

Please contact us if you would like to discuss the above in further detail.

Netherlands — Abolition of the partial non-resident taxpayer regime

With effect from 1 January 2025, the Netherlands abolished the partial non-resident taxpayer regime.

Employees are required to report their worldwide income from 'Substantial Interests' (Box 2) and 'Savings and Investments' (Box 3) on their Dutch income tax returns. US nationals and Green Card holders are also required to report their worldwide income from employment, which is likely to result in annual taxation on savings and investments in the Netherlands.

Transitional legislation allows employees benefiting from the partial non-resident taxpayer regime in the December 2023 payroll to continue applying this regime until 1 January 2027.

Please contact us if you would like our assistance in considering any of the above.

New Zealand — ESS deferral regimes extension to unlisted companies

The New Zealand Government is proposing to introduce changes to the employee share scheme (ESS) rules with effect from 1 April 2026.

The Taxation Bill contains proposals to extend the initially proposed concession to defer the tax payable in respect of the acquisition of shares in startups, to all unlisted companies in New Zealand. Under the current ESS rules, the taxing point usually arises when shares are issued to employees (and there is no material risk of forfeiture). This can create challenges for unlisted companies, such as:

- Liquidity**:** unlisted shares are often difficult or impossible to sell, creating liquidity issues for employees needing to raise cash to meet their tax obligations;
- Valuation difficulties: especially for unlisted shares, obtaining valuations can be costly and complex.

While stock options and restricted stock units tied to liquidity events have been a common workaround in New Zealand, this approach delays actual ownership until exercise/vesting. This is not always ideal as the employee is not provided with the shares until the liquidity event. To address these concerns, the New Zealand Inland Revenue (NZIR) has proposed a new concession for unlisted companies which will allow employers to designate certain shares as 'employee deferred shares'. This concession will allow shares to be provided to employees with the tax payable being deferred until a liquidity event, defined as:

- the company listing;
- the sale or cancellation of the shares; or
- the payment of a dividend.

The concession will be optional. However, where employers choose to offer employees deferred shares, they will be required to notify both the NZIR and the employee at the time of the provision/issue of the shares. It should be noted that where such shares are offered, any corporation tax deduction available to the employer will also be deferred, so that symmetry in the respective tax treatment is achieved.

Please contact us if you would like any further information in relation to the above.

New Zealand — Clarification on the taxing point for ESS benefits

The New Zealand Government has issued clarification to the employee share scheme (ESS) rules with effect from 1 April 2026.

Earlier this year, NZIR released an interpretation statement (IS25/04) which set out its view that the correct ESS taxing date is when the shares are held ‘by or for the benefit of’ an employee. This has been interpreted as when the shares are registered in the name of the employee (which may not be the date on which a share award is exercised or vests). We covered this topic most recently in our April 2025 GRU Wrap Up (link).

The NZIR interpretation statement provided a concession that allowed the exercise or vesting date to be adopted as the date on which ESS shares are held by or for the benefit of employees where the shares were expected to be so held within 10 working days of the exercise or vesting date in circumstances where the employer is not able to determine the exact date by taking reasonable steps.

The policy intent is for the ESS taxing date to occur when the employee is entitled to ‘presently receive’ the shares provided the other legislative criteria are still met, i.e.:

- there is no real risk the employee will forfeit their entitlement;
- the employee is not compensated for a fall in the value of the shares; and
- there is no real risk that there will be a change in the terms of the shares affecting their value.

Accordingly, the Taxation Bill proposes an amendment to the ESS taxing date by providing that the share scheme taxing date will be trigged if the employee has as an unconditional right to presently receive shares **(which would usually be** the vesting date in respect of shares or entitlements, or the exercise date in respect of options).

Please contact us if you would like to discuss the above in further detail.

Norway — Norwegian Tax Administration confirms favorable tax treatment for synthetic share arrangements

The Norwegian Tax Directorate has issued a binding advance ruling (BFU 7/2025) that further solidifies the favorable tax treatment of synthetic (or "phantom") shares in employment relationships and provides important clarifications for employee shareholders with ownership positions of up to 5 %.

Synthetic shares derive their economic value from underlying shares without providing actual ownership or voting rights.

The decision concerned key employees who were offered the opportunity to purchase synthetic shares in the parent company at market value, with financing through 'seller credit' (a type of finance arrangement provided by the seller, in this case, the parent company) of up to 90 % of the purchase price. If the seller credit exceeds the value of the synthetic shares at realisation, the difference would be forgiven (i.e. written off), with the forgiven amount being taxable as employment income at that time.

The Tax Administration's key conclusions:

1. The seller credit was treated as part of the acquisition cost, meaning there was no undervalue subject to employment taxation and that no employer's social security contributions were triggered.
2. The seller credit bore interest corresponding to the standard rate ("normrenten") for reasonable loans in employment relationships, ensuring that no taxable benefit arose from the credit given. Any negative difference in the interest costs compared to the standard interest rate would have been taxable as employment income.
3. Two employees each owned 5 % of the shares in the parent company through personal holding companies. The Tax Administration clarified that employees who do not own more than 5 % of the shares in the parent company still qualify for the exemption from taxation on the loan under Norwegian tax legislation, meaning the seller credit will not be reclassified as dividend income for employees holding such ownership positions.
4. The synthetic shares are taxed as ordinary capital income without shield deduction or upward adjustment of gain/loss, separating them from ordinary share treatment.

This decision underpins Norway's favorable treatment for synthetic share arrangements and provides precedent for structuring employee equity programs. The clarification regarding the 5 % ownership threshold is particularly relevant for senior executives who may hold existing equity stakes.

However, it should be noted that where synthetic (or phantom) share awards do not involve the employee acquiring their rights for market value as described above, such awards would be subject to income tax and social security on acquisition/vest. Any subsequent gain on realisation would be taxed as capital income.

Please contact us if you would like to discuss or need our assistance regarding any of the above.

United Kingdom — Enterprise Management Incentive (EMI) schemes - significant increases in EMI limits from April 2026

In the 2025 Autumn Budget, the UK Chancellor of the Exchequer announced a significant expansion of the current EMI scheme limits which will result in a wider pool of companies being able to offer EMI options to employees from 6 April 2026.

Currently a business must have no more than 250 full time equivalent employees and no more than £30 million gross assets to be eligible to grant options under an EMI scheme. The Finance Bill will introduce legislation to increase these limits to 500 full time equivalent employees and £120 million gross assets, respectively.

The maximum value of shares that can be granted by a company under an EMI plan will also increase from £3 million to £6 million. The individual limit of £250,000 will remain the same.

It was also announced that from April 2027, companies will no longer be required to notify the grant of EMI options to HMRC by 6 July following the end of the tax year of grant. The obligation to file an annual return in relation to EMI schemes will however remain.

Finally, and importantly for many companies, it was announced that the maximum exercise period for an EMI option will increase from 10 years to 15 years for options granted on or after 6 April 2026. However, the current draft legislation on making changes to existing EMI options to reflect this change has been drafted very narrowly and will not apply to existing EMI options that only become exercisable on an “exit” event.

We will keep this under review and will provide any necessary updates. **Please contact** us if you would like our assistance in considering any of the above.

United Kingdom — Updated HMRC guidance in relation to SAYE loans

HMRC has updated its manual in relation to the funding of Sharesave contracts. In new guidance, which can be found here, HMRC makes it clear that it is not permissible for an employee to use a third-party loan or other finance arrangement to increase or otherwise fund the amount they save under an SAYE scheme. The SAYE scheme must stipulate that contributions shall be made by way of deductions from pay.

Please contact us if you would like to discuss this topic in further detail.

United Kingdom — Employee Ownership Trusts (EOTS) – restriction of CGT relief

Also in the Autumn Budget, the government announced its immediate intention to restrict the relief from capital gains tax (CGT) available on qualifying disposals of shares made to the trustees of an EOT.

Prior to 26 November 2025, qualifying disposals of shares to an EOT attracted 100% relief from CGT. From 26 November 2025, the full CGT exemption for disposals to EOTs has been replaced with a 50% relief. Selling shareholders will now pay CGT on half of their capital gains, rather than receiving a complete exemption.

For higher-rate taxpayers, this change will result in an effective CGT rate of 12% on the chargeable portion of the gain, compared to the standard 24% main rate for other share disposals. The remaining 50% of the gain will not be immediately chargeable but will be held over and deducted from the trustees' acquisition cost, coming into charge on any subsequent disposal or deemed disposal of the shares by the trustees.

Despite the reduced relief, EOTs may continue to represent a worthwhile longer term holding structure for the benefit of group employees as a whole while allowing selling shareholders to realise value for their shares in the business compared to other mainstream exit routes.

We recommend that employee-owned companies or owners thinking of transitioning to an Employee Ownership Trust **contact us** if they wish to discuss these changes.

United Kingdom — Updated HMRC guidance in relation to NIC apportionment for internationally mobile employees (IMEs)

HMRC published guidance in September 2025 regarding earnings paid to internationally mobile employees (IMEs). The guidance clarifies how HMRC expects UK domestic law on National Insurance Contributions (NICs) to be applied to IMEs in the context of any 'trailing reward' (e.g. bonuses or other incentives taxed as earnings).

This guidance is relevant to IMEs that either start or cease to be liable to NIC during the period to which a payment of earnings relates, including:

- employees who permanently transferred to a group employment in another country, and
- assignees in the context of the UK domestic 52-week exemption/ongoing liability, and
- any assignees whose coverage under an international social security agreement expires.

United Kingdom — Updated HMRC guidance in relation to NIC apportionment for internationally mobile employees (IMEs) (continued)

The key question is whether liability to NICs should be determined as an ‘all or nothing’ charge, depending on whether an employee is within or outside NIC at the point of payment, or whether an apportioned liability should be applied, which requires an analysis of the period to which the payment of earnings relates and whether the employee concerned is liable to NIC during all or part of this period.

Up to this point, it has been generally understood that that an all or nothing charge applied to earnings, but this new HMRC guidance indicates that apportionment is and always has been the correct interpretation of the law in HMRC’s view and should be applied.

HMRC has acknowledged in various previous discussions with the tax profession that different treatments have been applied and accepted in the past.

However, now that HMRC has issued explicit guidance regarding their interpretation of the law, they are likely to expect employers to follow it for the current 2025/26 UK tax year and any future tax years, and any employer that chooses not to consider this would be at risk of non-compliance.

Even where a consistent approach to NICs for IMEs has been applied historically, employers may find that they still have over or underpaid, in which case HMRC is advising employers to make corrections through Real Time Information (RTI) going back six years. In addition, and as noted above, we anticipate that HMRC would expect current year positions to be reviewed to ensure that the NIC reporting adopted is consistent with the updated guidance.

The above guidance should have no impact on share awards categorised as “securities options” or “restricted securities”. This is because any earnings within the scope of Employment Related Securities (ERS) rules were already subject to NIC apportionment rules, following previous legislative changes which came into force from 6 April 2015.

Please contact us if you would like to discuss what this is likely to mean for your IME population in more detail.

United Kingdom — HMRC guidance in relation to the termination of Share Incentive Plans (SIPs) where employees cannot be traced

Where a SIP is terminated, the SIP trustees must make a reasonable attempt to trace any former employees who hold shares in the SIP.

Where a former employee (participant) cannot be traced, and a direction or instruction made by the participant permits, the trustee may donate the shares (or their sale proceeds) to charity or to the plan company to hold on bare trust for the participant.

However, there may be tax implications where the shares have not been held in trust for the relevant qualifying period to qualify for tax exempt status.

Where an income tax charge arises, and the shares are 'readily convertible assets', income tax and National Insurance contributions will be due via payroll withholding. HMRC's guidance states that SIP trustees are empowered to dispose of a participant's SIP shares to settle any income tax and/or NIC due through payroll.

Where an income tax charge arises and shares are not readily convertible assets, a participant would be required to report and pay any income tax due via Self-Assessment (and NIC will not be due). In circumstances where the participant cannot be traced, but Self-Assessment applies, SIP trustees are advised to contact HMRC for advice by emailing shareschemes@hmrc.gov.uk.

Please contact us if you would like to discuss the above topic in further detail.

United Kingdom — HMRC guidance in relation to employment related securities (ERS) reporting obligations where options exercised after death

Following a question raised earlier this year, HMRC has confirmed that no ERS reporting obligations arise under Part 7 of the Income Tax (Earnings & Pensions) Act 2003 (this is the 'share plans' part of the UK legislation) where an employment related securities option is exercised after the employee's death by their personal representatives (PRs).

HMRC have confirmed that this will apply to the transfer of the option to the PRs by operation of law on the employee's death, the acquisition of shares by the PRs on exercising the option and/or the transfer of those shares by the PRs to the beneficiary or beneficiaries under the will or intestacy rules.

Please contact us if you would like our assistance in considering any of the above.

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