



## Global Reward Update – Wrap Up

**August 2025**

We hope you are enjoying the summer. 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, 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

<b>China:</b> Increased scrutiny of overseas stock incentive plans by Tax Authorities	3
<b>Israel:</b> Quarterly and annual employer reporting obligation updates	4
<b>Netherlands:</b> New proposals for tax incentives to attract start-ups/scales-ups	4
<b>Norway:</b> Tax Appeals Board rules that conditional/unvested stock options are not subject to exit tax	5
<b>Oman:</b> Introduction of personal income tax at 5%	6
<b>South Korea:</b> Proposed expansion of Exit Tax Regime	7
<b>United Kingdom:</b> New PISCES draft legislation published	7



### **China** – Increased scrutiny of overseas stock incentive plans by Tax Authorities

Tax authorities in several major Chinese cities (including Shanghai, Beijing, Hangzhou, Guangzhou, Shenzhen, Chongqing, Xi'an, etc.) are increasing their scrutiny of companies with overseas stock incentive plans. They have actively contacted companies to gather information and review income tax reporting status for 2022-2024.

Key areas of focus:

- Details of overseas stock incentive plans implemented.
- Confirmation that the "Stock Incentive Reporting Form" has been submitted.
- Exercise/vesting activity (2022-2024) and whether China individual income tax withholding has been compliant.
- Sales of overseas listed shares by employees (including those from incentive plans) and confirmation that tax reporting has been compliant.
- Dividend distributions from overseas listed companies (2022-2024) and whether China individual income tax has been reported.

This indicates a shift towards stricter enforcement of tax regulations related to stock incentive plans. We understand that the Chinese tax authorities are emphasising compliance, not only with wage and salary tax at exercise/vesting, but also with foreign-sourced dividend and capital gains tax declarations.

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



### **Israel** - Quarterly and annual employer reporting obligation updates

As communicated in the Israel Global Reward Update (GRU) in October 2024 (here is the [link](#)), the Israel Tax Authority (“ITA”) reinstated mandatory quarterly and annual employer reporting obligations for all companies/trustees with effect from 1 January 2025.

The legislation initially required companies and trustees to submit quarterly (Form 146) and annual (Form 156) reports to the assessing officer in relation to grants made during the previous quarter, and in relation to any sales and/or cancellations during the previous year.

The ITA have since clarified the scope of the annual reporting requirement. Form 156 has now been updated to capture the vesting/exercise, sale, cancellation and lapse of share awards for Israeli employees across the reporting period, as opposed to only the grant of awards. Please note that the updates to the reporting requirement for Form 156 apply to both Trustee and Non-Trustee route plans.

In addition, the ITA have now confirmed that the filing date for Form 156 for the 2024 Israeli tax year is 1 October 2025.

The ITA have not communicated any updates to the reporting scope or filing date for Form 146.

**Please contact us** if you would like any further information about the changes.



### **Netherlands** – New proposals for tax incentives to attract start-ups/scales-ups

The Dutch government has published a proposal for two new tax incentives to make the Netherlands more attractive to start-up and scale-up companies.

Under the proposal, 35% of the taxable amount of employee stock option income would be exempt from wage tax, resulting in an effective tax rate of up to 32.2%. Any increase in the value of shares held in start-ups/scale-ups would then be subject to tax under the new “Box 3 regime” on realisation. This is a deviation from the proposed new standard “Box 3 regime” where value increases will be subject to tax every year.

To qualify as a start-up or scale-up, a company would need to satisfy certain conditions, including conditions relating to the type of business activities and the scalable nature of those activities. In addition, companies would need to request a decision regarding qualifying status from the Netherlands Enterprise Agency. Such a decision would be valid for a period of 8 years initially, following which it would be possible to extend for periods of 5 years.

**Please contact us** if you would like to discuss these changes in more detail.



**Norway:** Tax Appeals Board rules that conditional/unvested stock options are not subject to exit tax

Exit taxation in Norway applies to individuals when they cease tax residence according to domestic law or become tax treaty resident abroad. This is to ensure that unrealised gains on assets that arise during their stay in Norway are subject to tax at the time of departure. The exit tax includes shares, stock options, securities funds and certain financial instruments (this list is non exhaustive).

In a decision issued in June 2025, the Norwegian Tax Appeals Board ruled that conditional (unvested) stock options that require continued employment should not be included in the exit tax calculation.

The case concerned a taxpayer who became tax treaty resident abroad in 2016. The individual held unvested stock options that required continued employment within the group until February 2017. The Tax Administration argued that employment-related options are covered by exit tax rules without distinguishing between conditional/unvested and unconditional options.

However, the Tax Appeals Board majority concluded that the prerequisite for exit taxation is that the taxpayer is seen as the real owner of the assets upon exit. Since the taxpayer's options were based on a condition of continued employment and the taxpayer ended tax treaty residence before the vesting date, the Board found that the taxpayer had neither formal ownership rights nor the actual possibility of exercising the options at the time of exit.

While this ruling only determines the outcome for this specific case, the Tax Administration will normally follow the Tax Appeal Board's decisions in their practice so that comparable cases are treated similarly.

Our view is that even if the particular case applied to stock options, RSUs should be treated in the same way. The same arguments apply for RSUs as they are also unvested and normally based on continued employment until the date of vesting.

**We recommend** that employers with mobile employee populations and equity compensation plans review the potential impact of this decision on their programs and consider whether any updates are required to plan documents or employee communications.

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



### **Oman** – Introduction of personal income tax at 5%

The Sultanate of Oman will introduce personal income tax at 5% with effect from 1 January 2028. Various sources of income are included in the scope of income tax, including employment income, self-employment income, rental income, pensions, and income earned from board duties. Employers will be required to withhold income tax on salaries, pensions, end of service benefits and board remuneration. Late payment of tax can incur penalties of up to 1% of the unpaid amounts.

**We recommend** employers take the following preparatory steps ahead of the go-live date:

- Begin preparing for the implementation of income tax by establishing robust systems for withholding income tax from employees' wages, pensions, end-of-service benefits, and board remuneration.
- Develop protocols for remitting tax and submitting tax returns on behalf of employees who earn income solely from salaries, pensions, or board remuneration, upon their request.
- Strengthen record-keeping practices to support tax compliance and facilitate audits, ensuring all necessary documentation is readily available when the law comes into effect.

The Tax Authority of Oman is expected to release additional guidance and details prior to implementation.

**We will keep this 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.



### **South Korea** – Proposed expansion of Exit Tax Regime

On 31 July 2025, the Korean Ministry of Economy and Finance (MOEF) published proposals to expand the scope of the exit tax regime to include overseas, as well as domestic, shareholdings held at the date of departure. The proposed revisions, which will apply to individuals who depart from Korea permanently on or after 1 January 2027, remain subject to approval by the Korean National Assembly with the final version due to be released around December 2025.

**We recommend** that employers consider the impact of the proposed changes to the Korean exit tax on their mobile employee population and consider whether any updates are required to plan documents or employee communications.

**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** – New PISCES draft legislation published

Draft legislation enabling existing EMI and CSOP options to be amended to permit exercise on a PISCES trading event has been published.

In overview, the legislation will allow existing EMI and CSOP options granted before the next Finance Bill becomes law (likely in early 2026) to be amended to allow all or any part of these options to be exercised immediately before a PISCES trading event, provided that the resulting shares are sold on that PISCES trading event.

The legislation works by deeming the amendment to be a term of the option at the time the option was originally granted (so that there is no fundamental change to the terms of the option at the date of amendment). The new legislation will apply to amendments made on or after 15 May 2025. The variation either needs to be agreed in writing by the employee and the company or, alternatively, notified by the company to the employee in writing.

**Please note**, this is a specialist area and if you intend to make any amendments to EMI or CSOP option terms to accommodate the above we would strongly recommend professional tax and legal advice is sought.

**Please contact us** should you wish to discuss the above in further detail.

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