



# India Fringe Benefit Tax Subscriber Program

## What is the Fringe Benefits Tax?

In May 2007, income tax laws in India were extended to include all equity benefits settled in shares, such as stock options, ESPPs and restricted stock. Under the new rules, companies are now required to pay a Fringe Benefit Tax (FBT) associated with income gained from such benefits at the beginning of the Indian tax year (April 1). This applies to all equity recipients located in India at the point of exercise.

Under the new rules, the tax is generally calculated based on the spread at vesting, rather than the date of exercise or sale. Calculating these amounts for each award as it is exercised poses a challenge to most companies, as traditional stock plan systems usually do not calculate or store this data, therefore requiring a time-consuming manual process to perform these calculations.

If your company grants equity awards to employees in India, this impacts you! SOS has a solution to make this process simple, efficient, and auditable: our India FBT Subscriber Program.

## What is the India FBT Subscriber Program?

SOS' solution combines a proprietary program designed to perform the necessary income and tax payment calculations, paired with equity compensation experts to manage the tool and reporting for you on an ongoing quarterly basis.

## Features

- Automatically calculates the FBT-based on actual taxable events using core data from your stock plan record keeping system
- Covers major equity types: Options, RSUs, RSAs, ESPP, SARs
- Able to dynamically pull data from your stock plan recordkeeping system based on client defined parameters (either account data or user defined fields)
- Provides three primary reports: calculations and payments due for the current reporting period, calculations for historical periods for trend analysis, and transaction exceptions
- Able to handle and true-up back-dated exercises
- Calculates based on First-In/First-Out vesting/exercises
- Based on location at taxable event
- Data gathering can be accomplished through our proprietary data extraction tool, eliminating the need to run export files every period

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