

### **2020 tax return : how to declare the sale of your Restricted Stock Units ?**

You are an employee in France of a foreign company (Facebook, Google, Pinterest, Unilever..). You have been awarded by your employer Restricted Stock Units (RSU) – equivalent of french « *actions gratuites* » – which you sold in 2020.

The 2020 tax return is approaching and it is necessary to anticipate the declaration of your gains arising from the sale of your RSU, which are subject to a complex tax regime and declaration procedures.

Following the sale of your RSU, two types of profits will be submitted to taxation : the acquisition gain, equivalent to the value of the shares on the day of their acquisition, and the capital gain, equal to the difference between the sale price of the shares and the acquisition gain.

Usually, RSU are granted through plans set up by the company, which are either « qualified plans » or « non qualified plans ». RSU fall under a qualified plan when they are granted according to the provisions set by the French Commercial Code and are therefore subject to the French tax and social security regime specific to free shares.

Whether the plan is qualified or not determines the taxation date of the acquisition gain. For shares granted under a non qualified plan, taxation of the acquisition gain takes place in the year of acquisition of the RSU, whereas the acquisition gain obtained in respect of RSU granted under a qualified plan is only taxed at the time of the sale of the shares, together with the capital gain.

Depending on the tax and social security regime applicable to it (according to the RSU award date), the acquisition gain is likely to benefit from an allowance of 50% up to €300,000, allowances for the holding period provided for the taxation of capital gains on securities, to be subject to social security taxes, to a specific salary contribution of 10% or to the contribution on high income.

In order to avoid making any declaratory errors and to anticipate the additional tax costs resulting from the sale of your shares (to be provisioned for September 2021 after receipt of your tax notice), PAULHAN & ASSOCIÉS can assist you in determining the tax cost of your sale and accompany you in preparing your tax return.

**L'équipe du Cabinet Paulhan & Associés**



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