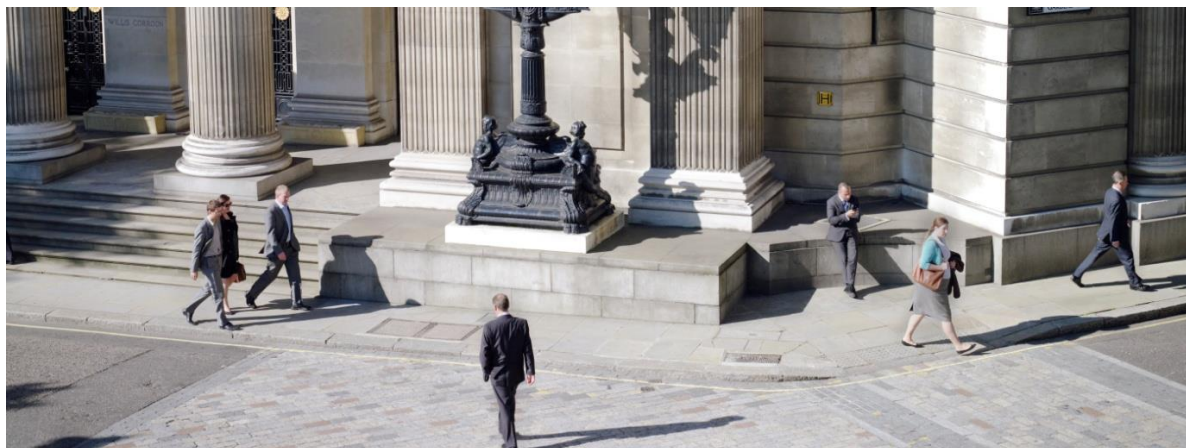


Recent legislative updates



This month's issue addresses recent tax and legal changes in various jurisdictions, namely:

- *Australia*— 2014 employee share scheme reporting deadline approaching
- *China*—Recent changes in foreign exchange controls
- *Singapore*—Implementation of the Personal Data Protection Act of 2012
- *United Kingdom*—Annual share plan reporting due July 4, 2014

Country summaries

For a more comprehensive discussion, please see *Country Discussions* starting on page 2.

Australia

2014 employee share scheme reporting deadline approaching

Companies that have a presence or employees in Australia and who operate equity plans will have an Australian Employee Share Scheme (ESS) reporting obligation where a taxing event has occurred during the year. Companies with a reporting requirement must provide employees with an ESS Statement by July 14, 2014 and provide the Australian Tax Office (ATO) with an ESS annual report by August 14, 2014.

As this is a reminder of upcoming filings, the information presented above will not be discussed below under Country Discussions. Please refer to our [April 2014 Global Equity](#)

[Compensation Newsletter](#) for more information.

China

Recent changes in foreign exchange controls

On May 19, 2014, the PRC State Administration of Foreign Exchange ("SAFE"), China's foreign exchange control authority, issued the Foreign Exchange Administration Rules on Cross-border Guarantees. These new rules which came into effect on June 1, 2014 will not impact cross border transactions related to equity plans but aim to assist with reforming the management of foreign exchange control specifically with respect to cross-border guarantees related to loans. The information presented above will not be discussed below under Country Discussions.

Singapore

Implementation of the Personal Data Protection Act of 2012

On July 2, 2014, data protection rules that were drafted in accordance with the Personal Data Protection Act of 2012 (PDPA) will come into force. The PDPA establishes a data protection framework that comprises various rules governing the collection, use, disclosure and care of personal data. It recognizes both the rights of individuals to protect their personal data, including rights access and correction and the needs of organizations to collect, use or disclose personal data for legitimate and reasonable purposes. Companies that offer equity compensation to their employees in Singapore should ensure they are compliant with the PDPA, particularly where third party equity administrators are involved in managing their plans. The provisions of the PDPA will only impact personal data collected after July 2, 2014, when the majority of the provisions of the PDPA will come into force.

United Kingdom

Annual share plan reporting due July 4, 2014

Any company with UK employees to whom employee share plan benefits have been provided is required to file Form 42 (Non-tax favored plans) to the UK tax authorities (HMRC) by July 6 in relation to benefits provided to employees in the UK tax year April 6, 2013 - April 5, 2014. Specific forms for UK tax-favored share plans, for example, the HMRC approved Company Share Option Plans (Form 35) must also be submitted by July 6. **As July 6 is a Sunday, the forms should be submitted to HMRC by Friday, July 4.**

The UK tax authorities continue to focus on employee share plans which means it is important to ensure these returns are completed correctly and timely. Noncompliance can lead to penalties.

As part of the recent Budget changes, the filing system used will change from paper filing to an online filing for the next tax year. All stock plan annual return forms (Form 42 and HMRC tax-advantaged plan forms) will need to be submitted online. To facilitate this, all existing approved and unapproved plans must also be registered online by July 6, 2015. Late returns will receive automatic penalties.

As this is a reminder of upcoming filings, the information presented above will not be discussed below under Country Discussions. Please refer to our [April 2014 Global Equity Compensation Newsletter](#) for more information.

Country discussions

Singapore

Implementation of the Personal Data Protection Act of 2012

On July 2, 2014, data protection rules which were legislated in accordance with the Personal Data Protection Act of 2012 (PDPA) will come into force. Organizations were given a transition period of 18 months to review and adopt internal personal data protection policies and practices to enable them to comply with the PDPA.

Historically, Singapore adopted sector specific legislation to protect personal data processed by organizations in certain regulated industries, such as telecommunications service providers and financial and healthcare institutions. The PDPA has been introduced to complement the framework that is already in place. This means organizations will have to comply with the PDPA as well as the common law and other relevant laws that are applied to their specific industry.

The PDPA will consider the following:

- *Consent* – organizations may collect, use or disclose personal data only with the individual's knowledge and consent (with some exceptions);
- *Purpose* – organizations may collect, use or disclose personal data in an appropriate manner for the circumstances, and only if they have informed the individual of purposes for the collection, use or disclosure; and
- *Reasonableness* – organizations may collect, use or disclose personal data only for purposes considered appropriate to a reasonable person in the given circumstances.

Impact to Individuals

The establishment of the DNC Registry allows individuals to register their Singapore telephone numbers to opt out of receiving marketing phone calls, mobile text messages such as SMS or MMS, and faxes from organizations.

In addition, the PDPA provides individuals rights of access and correction in relation to their personal data. This means that individuals may request any organization which possesses their personal data to give them access to and amend their data as and when they find it necessary.

Adequacy of the PDPA

The enactment of the PDPA brings Singapore data protection management in line with international standards of data protection. This is a step forward in increasing the trust between consumers and businesses, facilitating cross-border data transfers and will help bolster Singapore's position as a major business and data management hub in Asia.

Unlike the data protection rules in certain European countries and many US states, the PDPA does not require organizations to notify or report data security breaches to the Personal Data Protection Commission (PDPC). That said organizations in Singapore must take compliance seriously as the PDPC has the authority to impose a financial penalty of up to Singapore \$1 million, and the penalty for a criminal offense under the PDPA includes fines and imprisonment.

Equity Plans

Companies operating equity plans in Singapore should ensure they are compliant with the PDPA, particularly where third party equity administrators are involved in managing their plans.

The provisions of the PDPA will only impact personal data collected after July 2, 2014, when the Act has come into force. In the case of personal data that has been collected before the data protection provisions of the PDPA, companies may continue to use the data for the purpose it was collected.

For personal data collected after July 2, 2014, companies will have to notify and obtain their employees' consent to collect, use and disclose their personal data. In addition, where there is a requirement for the transfer of personal data overseas (this would apply to Singapore subsidiaries of foreign entities where the equity plans are managed abroad), companies may wish to include a clause in the contractual agreements they have with the equity administrators which ensures the latter provide a comparable standard of data protection overseas as accorded in Singapore.

Let's talk

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