Italy - Tax Guide

SuperShare Plan

1. Introduction

The following is a summary of the tax treatment of an award made to you by Aristocrat Leisure Limited under the SuperShare Plan (the "Plan"). This summary assumes that you have been resident in Italy during the lifecycle of the award.

The tax treatment as explained herein is intended as a guide only. It is limited to a general description of the national tax laws, and is not intended to address city, regional, or other local tax laws that may be applicable to you. It may not apply to your particular tax or financial situation, and we are not in a position to assure you of any particular tax result. Therefore, we recommend that you consult with your own independent tax advisor regularly to determine the consequences of taking or not taking any action concerning your shares, and to determine how the tax or other laws in Italy apply to your specific situation. This information was last reviewed in August, 2024.

2. Overview

Award of Matching Shares	• An award is a promise to receive Aristocrat Leisure Limited shares in the future. • You are **not subject to taxation on equity** at this point.

Vesting of Matching Shares	• You will **be subject to tax** at this point. • Taxable income is calculated based on the fair market value (FMV) of the shares. • **Aristocrat Leisure Limited is responsible for reporting the income.** • You are also **responsible for reporting the income.**

Sale of shares	• This event may generate additional income known as Capital Gain (CG), or a loss. • If there is a **Capital Gain** on the sale of shares, tax is due in the tax year of sale. • You are responsible for calculating the tax and reporting this capital gain.

3. Tax Treatment

	Award of Matching Shares	Vesting of Matching Shares	Sale of shares
Income tax / Capital gains tax	No	Income tax payable at rates up to 47.23%.	Capital gains tax payable at a flat rate of 26%.
Employee social tax	No	Yes **Mandatory Pension Fund (INPS):** Rate up to 10.49% capped at earnings of EUR 119,650 of income per year.	No
Employer's social tax	No	Yes Rate up to 30% capped at earnings of EUR 119,650 per year.	No
Income tax withholding	No	Yes	No
Employee social tax withholding	No	Yes	No
Employee tax reporting	No	Yes	Yes
Employer tax reporting	No	Yes	No

Income Tax - The rates set out in this guide are marginal rates. In the event that you are required to pay income tax on the value of your award, the amount of income tax you pay will depend on your marginal tax rate. Generally, the more you earn, the higher your marginal income tax rate.

4. Will I pay tax when I am granted an award under the Plan?

You will not have to pay any tax at the time you are granted an award under the Plan.

5. Will I pay tax when I receive my Matching Shares?

Income Taxes

When your award vests, income tax will be triggered on the market value of the Matching Shares at the time of vesting at rates of up to 47.23%.

Employee social taxes should be deducted from taxable income before withholding income tax.

Social Taxes

Mandatory Pension Fund (INPS): For earnings up to EUR 119,650 per year, you will be required to pay Mandatory Pension Fund (INPS) on the market value of the Matching Shares when you receive these shares at a rate up to 10.49%.

As set out in the comments below, there are multiple factors that impact the social security contribution rates to be applied.

Mandatory contributions

Contributions to the INPS (the National Mandatory Pension Fund) differ depending on the industry sector, specific job title of the employee, the number of employees employed by the local employer and the date that the employee registered with INPS. Employees who registered with the INPS prior to 1 January 1996 are not subject to a social security contribution cap and so are subject to social security contributions on the full income gain realised at the taxing point. Conversely, employees that registered with INPS on or after 1 January 1996 are subject to social security contributions up to a wage ceiling.

Although the calculation of employee INPS contribution rates may be impacted by the industry sector and the number of employees employed by the employer, generally, employees are subject to social security contributions at a rate of 9.19% to 9.49% (depending on the job title of the employee, the industry sector of the employer and the number of employees employed by the local employer) on annual income up to EUR 55,008 and a rate of 10.19% to 10.49% for annual income exceeding EUR 55,008, up to EUR 119,650. Different rates may apply for directors.

The employee INPS contribution rates displayed in the social security section are the highest rates within these two ranges, 9.49% and 10.49%.

INPS contributions are payable by the employer on income realised from employee equity awards. The rate of employer INPS contributions is generally 33% less the employee rate. Unemployment insurance contributions, financial sickness compensation contributions, maternity contributions, family allowance contributions, TFR guarantee fund contributions, ordinary redundancy fund contributions, extraordinary redundancy fund contributions and solidarity contributions may also be payable by the employer on income realised by employees from employee equity awards meaning the total employer social security tax is generally approximately 30%.

Note that the local employer is responsible for determining whether an individual qualifies as an executive pursuant to the terms of the applicable Collective National Labour Agreement and whether the business itself qualifies such executive as a “commercial” or an “industrial” executive.

Voluntary contributions

Note that employees and executives may also choose to make voluntary contributions to the other social insurance funds / programs (for example, Fondo Assistenza Sanitaria Industria or Fondo Previdenza Dirigenti Aziende Industriali contributions for industrial execuitves and Fondo Mario Negri, Fondo Mario Besusso or FASDAC and Fondo Pastore contributions for commercial executives), on top of the mandatory pension fund contributions to the INPS noted above.

Payment Method

Aristocrat Leisure Limited will deduct and withhold tax on your behalf.

Any variance between the amount of tax withheld and your actual tax liability will be your responsibility.

6. How will any benefits under the Plan be reported?

Purchased Shares:

You will need to report:

- Any capital gains tax due on the sale of shares in Form Redditi PF to the tax authorities in the annual tax return, due by September 30.
- The wealth tax in Form Redditi PF to the tax authorities by November 30 of the following year.
  Italian resident taxpayers who are either the legal owner or beneficial owner of financial assets held abroad, including shares in foreign companies, also have to report such assets on Schedule RW of their income tax return (Form Redditi PF).

Matching Shares:

You will need to report:

- Any income tax due on vesting of the shares in Form 730 or Form Redditi PF to the tax authorities in the annual tax return, due by September 30.
  If you did not receive any additional income other than employment income, you are not required to file an annual tax return. In such case, the annual Italian wage statement will suffice as your employer will have withheld and reported all applicable taxes from your earnings as an employee.
  However, if you have other classes of income to declare, then a tax return must be filed either by September 30 (Form 730) or by November 30 (Form Redditi PF).
- Any capital gains tax due on the sale of shares in Form Redditi PF to the tax authorities in the annual tax return, due by September 30.

- The wealth tax in Form Redditi PF to the tax authorities by November 30 of the following year.
  Italian resident taxpayers who are either the legal owner or beneficial owner of financial assets held abroad, including shares in foreign companies, also have to report such assets on Schedule RW of their income tax return (Form Redditi PF).

7. Will I have to pay any tax on any dividends paid on the shares?

A dividend is a right to participate in the company's profits, at the discretion of the board of directors.

Any dividends you receive will be taxed at a rate of 26%.

Tax applies on the gross dividend received unless the dividend is paid through an Italian resident broker, in which case tax applies on the net dividend received. Foreign taxes paid on dividends cannot generally be claimed on the employee’s local tax return.

8. Will I have to pay wealth tax on the value of the shares?

You will be subject to a wealth tax (which may include the value of any shares you hold) at a rate of 0.2%.

9. Will I pay any tax when I sell my shares?

As the calculation of capital gains can be complex and may be subject to certain exemptions, we recommend that you consult your personal financial/tax advisor.

If the sale price of your shares is higher than their cost basis (broadly, the cost basis is equal to the fair market value of the shares at the time of vesting), the difference will be taxable as a capital gain, at a rate of 26%. If the sale price is lower than the cost basis of the shares, you may realize a capital loss.

When you sell your shares, the local company will not withhold any taxes on the gains. You should report any gain or loss arising in your tax return for the tax year in which the sale took place.

10. Additional Information

Social security exemption

There is an exemption from employer and employee social security taxes for restricted stock and restricted stock unit awards where the following conditions are met:

- the awards are offered only to a select group of employees (i.e., the plan is discretionary);
- the awards are subject to performance-vesting and/or time-vesting conditions; and
- the employee will receive shares only and no cash benefit.

Regional taxes

Regional surcharges may also be payable at rates ranging from 1.23% to 3.33%, depending on the aggregate total amount of personal income. The applicable rate may vary depending on the individual determination of each region where the employee is domiciled for tax purposes on January 1 of a given fiscal year.

Municipalities may also charge additional municipal tax (so called municipality surcharges) at rates up to 0.9%. The applicable rate is depending on the individual determination of each municipality.

The maximum aggregate rate is displayed as the maximum tax rate in the tax tables.

Additional tax on variable compensation in the financial sector

Variable compensation (e.g., bonuses, stock options and other share-based incentive awards) that (i) are paid to an executive or manager in the financial sector (i.e., banks, financial institutions, and other companies whose business is exclusively or primarily to acquire “holdings”; investment management companies, Società di Gestione del Risparmio and Società di Intermediazione mobiliare; and financial intermediaries) and (ii) exceeds three times the fixed part of the remuneration is subject to an additional tax at a rate of 10%. The additional tax applies to the amount exceeding the amount corresponding to the fixed part of the remuneration and it shall be withheld by the withholding agent at the time of the relevant payment

Exchange Control issues

Cross-border transactions must be reported to the Internal Revenue Service ("Agenzia della entrate"). This reporting is automatic if the transfer is effected through an Italian bank or financial intermediary where the value of the transfer equals or exceeds EUR 5,000. This is not an obligation on the employee, the local company or the parent company.

Foreign asset reporting

You are required to report any cash or share accounts held in a foreign institution. The information must be submitted to the Tax Authorities (on Form Redditi PF, Schedule RW) by November 30.

IVAFE: (Wealth tax) due by June 30.

Resident individuals are taxed annually on all investments held abroad (including financial investments and cash). The tax is assessed as part of the annual tax return.

Net Wealth Tax on financial investments is due at rate of 0.2% on the market value. The rate is increased to 0.4% if the financial investments are held in one of the countries having a privileged tax regime and listed in the Ministerial Decree dated 4 May 1999, as subsequently amended and supplemented.

This tax is calculated on an annual basis on the market value of the investment at the end of the relevant year or, if no market value is available, the nominal value or the redemption value of such investments held abroad. Taxpayers are entitled to an Italian tax credit equivalent to the amount of any wealth tax paid in the State where the investment is held (up to an amount equal to the IVAFE due).

Net Wealth Tax on cash is equal to EUR 34.20 and due only if (i) if the cash is accrued on bank accounts held abroad and (ii) the yearly average account balance is higher than EUR 5,000.

11. Sample tax calculation

The following is an example of the tax implications upon vesting of shares and subsequent sale of shares under the Plan. This example assumes:

- You were in Italy the whole time from grant to vest of the SuperShare Plan award.
- Income tax withholding will be calculated on the taxable compensation after social tax has been deducted.
- An income tax rate of 47.23%.
- Capital Gains Tax of 26%.
- This example does not take into account any annual Capital Gains Tax (CGT) exemptions which may be available.
- This illustration does not take into account any capped social tax amount.
- Tax calculation is based on the currency in which the shares are traded and any subsequent currency conversion has not been applied.

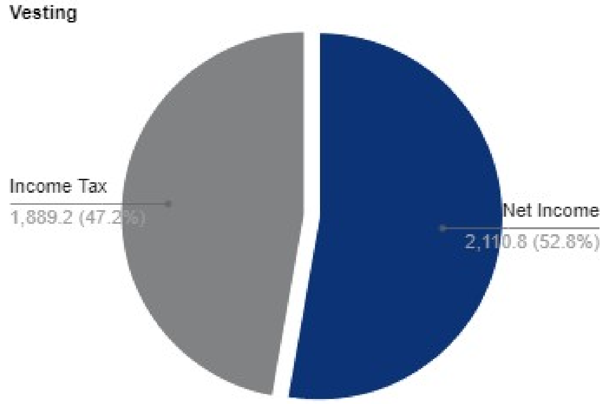
Tax implications

Award

No taxes due.

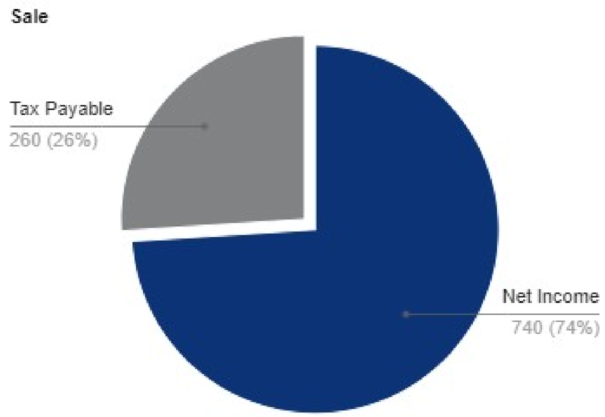
Vesting

Number of Matching Shares Vested	100
Fair Market Value (FMV) of the Matching Shares on Vesting	AUD 40
Taxable Income (100 x AUD 40)	**AUD 4,000**
Income Tax Withheld (AUD 4,000 x 47.23%)	**AUD 1,889.20**
Net Income (AUD 4,000 - AUD 1,889.20)	**AUD 2,110.80**



Sale

Number of shares Sold	100
Fair Market Value (FMV) of the shares on Sale	AUD 50
Sale Proceeds (100 x AUD 50)	AUD 5,000
Less: Acquisition Costs	
Amount Previously Taxed	**AUD 4,000**
Capital Gain	AUD 1,000
Tax Payable (AUD 1,000 x 26%)	**AUD 260**
Net Income (AUD 1,000 - AUD 260)	**AUD 740**



** Please note the above is for information purposes only. Transaction fees may also apply and are not included.*
