

# Incentiveplans



# Did you consider all aspects?

Implementing an incentive plan successfully involves many aspects. Of course the legal framework needs to be in place, but are you familiar with all the other surrounding elements that need to be in place as well?



## Design the incentive wisely!

The key to a successful incentive is a design matching your company, journey, strategy, industry as well as your employees! - what works for others, might not do the trick for you!

- Are you seeking a performance enhancing incentive or retention?
- Are employees expected to invest upfront?
- Are warrants, stock options, restricted shares or phantom shares the right choice for you?
- Do the incentive scheme meet employment law requirements?

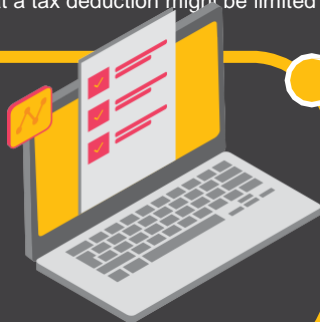


## TAX - avoid the pitfalls!

Are you going for the regular taxation ruleset or for tax optimization using the "7P" rules?

Did you know that applying the 7P rules requires a specific agreement which must be made upfront and include valuation of the incentive? - this means that e.g. a warrant must undergo separate valuation prior to implementation of the incentive.

Did you know that you are not guaranteed that the incentive qualifies for a corporate income tax deduction? - and that a tax deduction might be limited due to new rules?



## Employer obligations and tax reporting

Mandatory tax reporting requirements apply for Danish employers.

There might even be an obligation to make an upfront reporting to the Danish Tax Authorities. It is not enough to inform the Employees that it is their own responsibility.



## Employees abroad?

If you are looking to launch your incentive to employees of group entities abroad or employees not living in Denmark, there is a good chance that local tax and employment law rules apply. There might be tax reporting and withholding requirements, which you need to be aware of.

## Drafting legal documents

Once your new incentive has been designed to fit your circumstances, the legal drafting is up next!

We can assist with drafting the legal framework. Normally, we draft the full terms and conditions, the individual grant-letters, shareholder resolutions (or similar) and update the Articles of Association if needed.



## Accounting

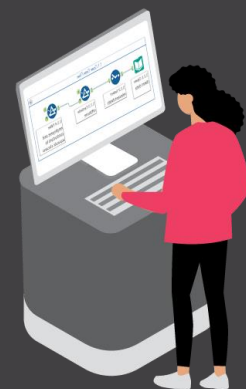
Implementing an incentive plan might have accounting implications. Sometimes a valuation of the incentive is needed for accounting purposes.

## Employee communication

Employees understanding the value of the incentive plan and becoming comfortable with the mechanisms are key to the incentive becoming a success.

Employees often need to understand:

- What is expected from them
- What the potential value is
- How they contribute to the value
- What their obligations are
- How and when they are taxed



**LAUNCH!**



# Tax, legal and design



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