KB0596708: GLOBAL – Equity Awards: Methods of Exercise/Release, Taxes, and Payments

Description:

This article provides the payment and tax information for equity awards transactions of both active and former employees.

Equity Awards include Stock Options, Stock Appreciation Rights (SAR), Restricted Stocks Units (RSU), and Performance Stock Units (PSU).

Audience:
Employees who have stock options, SAR, RSU, and PSU.

A. Methods of Exercise

- ***"I want to receive P&G stocks when I transact. What should I choose?"*** or ***"I want to receive cash, but I don't want it to be credited to my payroll bank account. What should I do?"***
  You may choose Sell to Cover. This method results to stocks; P&G common shares are credited to your E*TRADE from Morgan Stanley at Work account, which are sellable anytime. Once you have sold these shares, E*TRADE from Morgan Stanley at Work will then send the proceeds directly to your bank account registered in their system.

  - ***"I chose Sell to Cover to receive shares, why am I receiving cash?"***
    When transacting Sell to Cover, a number of shares are sold to cover the estimated taxes and fees. Since the taxes from E*TRADE from Morgan Stanley at Work are estimated and the final taxes are computed by your local payroll (or ETCO if you're an expat), there could be a difference which may result to a claim or refund. If you received cash, that means the estimated taxes were more than the final amount withheld, hence the refund. If the E*TRADE from Morgan Stanley at Work estimation is short, your local payroll will contact you to pay for the additional withholding.

  - ***"Why can't I choose Sell to Cover in my E*TRADE from Morgan Stanley at Work account?"***
    Due to country legal or exchange control restrictions, stock option exercises and RSU settlements in the countries listed below require all shares in the transaction to be sold and proceeds to be delivered as cash:

COUNTRY	STOCK OPTIONS		RSUs	
	HOME COUNTRY	HOST COUNTRY	HOME COUNTRY	HOST COUNTRY
ALGERIA		X		
BANGLADESH		X		
BELARUS		X		
BOSNIA-HERZ.		X		
CHINA	X	X	X	X
CROATIA	X	X	X	X
INDIA		X		
INDONESIA		X		
ISRAEL	X	X	X	X
KAZAKHSTAN	X	X	X	X
KYRGZSTAN		X		
LEBANON		X		
MACEDONIA		X		
MALAYSIA		X		
MONGOLIA		X		
MONTENEGRO		X		
MOROCCO		X		X
RUSSIA	X		X	
SENEGAL		X		
SERBIA		X		
SERBIA/MONTEN.		X		
SOUTH AFRICA		X		
SRI LANKA		X		
THAILAND		X		
UZBEKISTAN		X		
VIETNAM		X		X

- ***"I want to receive cash. What should I choose?"***
  Exercise or elect through Sell All / Same-Day Sale. This method results to cash proceeds which will be wired to the employee's bank account.

    - ***"How many days should I expect to receive the proceeds?"***
      Crediting of payments may take 10-30 business days.

    - ***"It's been more than the given number of days for processing, who should I reach out to?"***
      Please refer to Part C of this knowledge article for payment queries.

B. Taxes

- ***"I need help on taxes withheld from my transaction, it seems too high. Who should I reach out to?"***

  The tax amounts from E*TRADE from Morgan Stanley at Work are *estimated* only; the global system holds one rate (typically the highest rate) per country to ensure it covers most employees, if not everyone. The following will determine the *final* tax withholding required based on individual circumstances:

	SOARs Taxes
Locals	Local Payroll
Expats*	Expat Tax Compliance Operations and Governance (ETCO)

  *For Expats, where administratively possible (i.e., RSUs), the hypo tax will be based on Standard Tax Table lookup. For Stock Options and PSPs, the highest marginal tax rate in home country will be used (as adjusted if preferential tax treatment of such awards in home country). A tax true-up will be calculated during taxable events such as RSU releases, cash STAR payout, or after tax year end.

  If you have questions/concerns on taxes, you may reach out to local payroll through Get Help Chat or Phone (pg.com). For ETCO, you may email them at myiac.im@pg.com.

- ***"Why were taxes deducted for a country I was previously assigned in?"***
  When you exercise stock options or have RSU's settle, there may be tax implications in any country in which you worked for P&G during the period from the grant date to the exercise date.

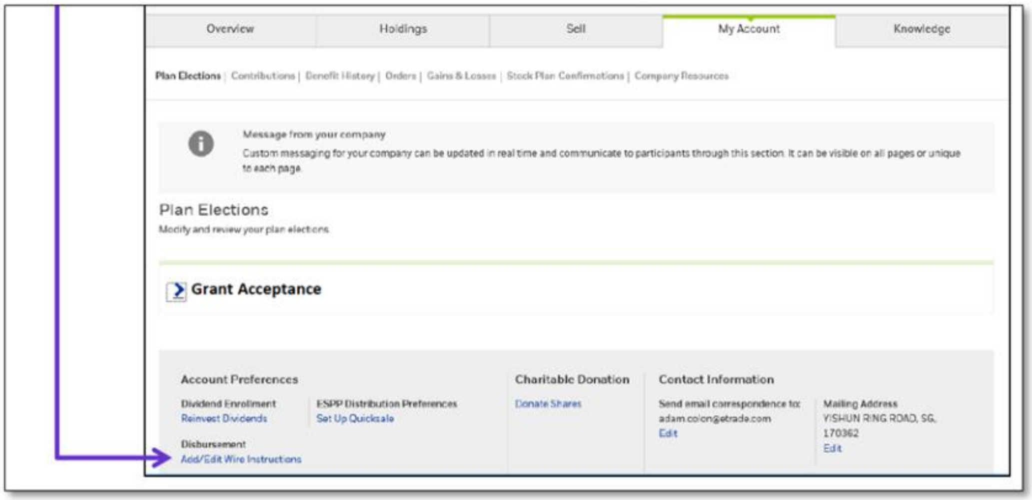
  The rules vary by country, but these implications may include:
  - Company reporting requirements
  - Company withholding requirements
  - Individual tax filing requirements

  For more information, please refer to the Equity Trailing Tax FAQs also available in the site.

C. Payments

- ***"I chose Sell to Cover and I am planning to sell the shares deposited to my E*TRADE account; how do I set up my bank account in E*TRADE from Morgan Stanley at Work?"***

  Log in your account and then click Add/Wire Instructions as shown:



If you need further assistance, please contact E*TRADE from Morgan Stanley at Work customer service directly:

Calling from the US 1-800-838-0908
Calling from other countries 1-650-599-0125 or a list of toll free numbers can be found at the following link: https://us.etrade.com/e/t/home/contactus_esp
General questions www.etrade.com

- ***"I transacted through Sell All/Same-Day Sale and I haven't received the cash proceeds. Where is my money?"***

  Payments for SOARS are processed by 3 different groups:

  1. Stock Plan Administration (SPA) wires the cash proceeds of employees with the following host and home countries:

COUNTRY	LOCALS	EXPATS	PAID TO
ARGENTINA		X	Individual
BANGLADESH	X	X	Individual
BRAZIL	X	X	Locals - Local Bank Expats - Individual
DOMINICAN REPUBLIC	X	X	Individual
EGYPT		X	Individual
ECUADOR	X	X	Individual
ESTONIA	X	X	Individual
GREECE	X	X	Individual
LEBANON	X	X	Individual
SLOVENIA	X	X	Individual
SRI LANKA	X	X	Individual

  - ***"I have concerns with the cash sent to me, how can I contact SPA?"***
    - For SOARS payment concerns for the above-mentioned countries, you may reach out to SPA through stockopt.im@pg.com.

2. E*TRADE from Morgan Stanley at Work directly pays Belgium employees.

    - ***"I am an employee from Belgium and I have concerns with the payment, how can I contact E*TRADE from Morgan Stanley at Work?"***
        - You may contact E*TRADE from Morgan Stanley at Work through the following:
          Calling from the US: 1-800-838-0908
          Calling from other countries: 1-650-599-0125 or a list of toll free numbers can be found at the following link:
          https://us.etrade.com/e/t/home/contactus_esp
          General questions: www.etrade.com

3. For the rest of the countries, crediting of payments through local Payroll may take 10-30 business days. You may reach out to them through Get Help Chat or Phone (pg.com)