SAP – Own Plan

Employee tax information for India

This information is for guidance only and may differ according to your personal circumstances. It assumes that for tax purposes you are an Indian national who is domiciled and resident for tax purposes in India, and have been/will be at all material times. It also assumes that you are an employee of the Company in India and have been/will be at all material times.

This is not tax advice tailored to your personal position. If you require confirmation of your personal tax position, you should contact a professional tax advisor.

This information is understood to be correct as at 01 January 2017. Any future changes to legislation or tax rates may affect this information.

Employer Contribution Will I have to pay tax or social tax when I receive the Employer Contribution?	Yes, income tax is payable at your individual rate when the Employer Contribution is received by you on the condition that it will be applied to the purchase of shares. This is known as the Date of Receipt and is the date on which you could make a claim for the application of the Employer Contribution to the purchase of shares, i.e. at the time your contribution is deducted. The taxable amount will be the total Employer Contribution. No social tax is payable on your shares. Your employer is required to withhold the income tax due.
Dividends Will I have to pay tax when I receive dividends on my SAP shares?	Yes, any dividends received by you on SAP shares will be subject to tax in Germany and India. The reinvestment is also regarded as a deemed receipt. You will receive all dividends net of German tax at a flat rate of 26.4%. However, you should be able to make a claim to the German tax authorities for a tax refund, under the relevant tax treaty (which will reduce the German tax payable to 10%); further information about the process (including the form to be completed in English, German and French language as well as the respective annex - "Anlage E -01") can be found at the following link: http://www.bzst.de/DE/Steuern_International/Kapitalertragsteuerentlastung/Auslaendische_Antragsteller/Formulare/KapSt_Ausl_Formulare_node.html The gross dividends (the dividend amount before German tax withholding) will be subject to income tax in India at your maximum marginal rate. A tax credit should be available in India in respect of the German tax withheld on the dividends. You should claim any credit through

	your annual tax return (please see section “Reporting” for further information).
Sale Will I incur a further tax liability when I sell my SAP shares?	Yes, you will be required to pay income tax on any gain arising when you sell your shares as follows: • for shares held for 24 months or fewer at your individual rate and • at 20% (plus Education CESS at a rate of 2% and secondary and higher education CESS at 1% on the total tax) for shares held for longer than 24months Where the total income of the employee exceeds INR 10,000,000, a surcharge of 15% would also be levied. In such cases, the tax rate would be 23.69%. With effect from FY 2017-18, if the income exceeds INR 50,00,000/- but does not exceeds INR 10,000,000/- then the surcharge of 10% shall be levied. In such cases, the tax rate would be 22.66%. (This provision shall come into effect once the Budget proposals come into effect and the corresponding provisions are enacted). Further, cost indexation benefit would be available. Tax will be payable on the sales proceeds less the amount that you paid for the shares and any amount previously subject to income tax (please see section “Reporting” for further information). You are responsible for paying any tax due through your annual tax return or through advanced tax instalments if applicable.
Reporting Will I have any reporting requirements?	Yes, you are required to include the relevant taxable amounts in relation to the Plan in your income tax return (already reported in Form 16) for the year in which the tax point arises. You are required to report any dividends or capital gains in your annual personal tax return for the year in which the tax charge arises. The benefit arising from the receipt of the Employer Contribution would be reported as perquisites in your remuneration statement (Form 16) by the employer. This will get reported as salary income in your return. You should file your tax return and pay any tax due by 31 July following the end of the tax year. You are also required to report the SAP SE shares held by you at any time during relevant tax year as ‘Foreign Assets’ in your Indian annual personal tax return. Please note that this might have an impact on the kind of annual personal income tax you have to file – i.e. if you were previously required to file the ITR-1 but are now holding foreign assets in form of the SAP SE shares, you generally should file ITR-2

	instead. Furthermore, electronic filing of tax returns is mandatory if your taxable income exceeds INR 500,000 or if you have foreign assets (including financial interest in any entity) or if you are claiming any relief of foreign taxes. Where you have income not subject to withholding (for example dividends and capital gains), advance tax instalments should be paid based on your estimated tax liability for the year ahead, where your balancing tax liability (the difference between your tax liability and tax amounts withheld) exceeds INR 10,000 as follows:

Date of payment	Portion of tax payable
15 June	15%
15 September	45% (reduced by the amounts already paid in earlier instalment, if any)
15 December	75% (reduced by the amounts already paid in earlier instalment, if any)
15 March	100% (reduced by the amounts already paid in earlier instalments, if any)

	There will be interest for default/shortfall if you do not pay by the due dates. Where capital gains arise after an instalment period, the tax can be paid in the remaining instalments or, if after the final instalment, should be paid by 31 March. From 1 April 2017, if foreign tax credit is claimed in the India tax return, Form No.67 will have to be filed along with the tax return. Further, a certificate or statement providing the details of nature of income and foreign tax deducted or paid issued by foreign tax authorities or person responsible for tax deduction or signed by the individual accompanied by proof of tax deduction or payment may also need to be submitted.
Exit taxation Will I incur any taxation when I leave my employer / the country?	There is no exit taxation when you permanently either leave the employer or the country in India.