

PRESS RELEASE

Employees' Share Option Scheme

The 2006 Budget announced on 30th September 2005, included a new tax treatment on the benefits from Employees' Share Option Scheme (ESOS), which will be effective from year assessment 2006. Under the new treatment, the value of the ESOS benefit for the purpose of income tax will be calculated as the difference between the exercise price of the option or the lower of the market price on the date the option is exercised or exercisable whichever is lower, and the discounted price offered by the employer.

The Ministry of Finance would like to clarify that as a transitional arrangement, options which are exercisable before 1st January 2006 but exercised in 2006 be given a choice to apply the existing tax treatment on the whole or part of their entitlement i.e. taxed based on the difference between the market price of the share on the date of offer and the discounted price offered by employer.

Ministry of Finance
PUTRAJAYA

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