



# TAX INFORMATION SUPPLEMENT 2017 AUSTRALIA



This supplement has been prepared to provide you with a summary of the tax consequences of the Global Share Plan (“Plan”). The description of the tax consequences is not decisive when completing your personal income tax return.

All capitalized terms used herein are used as they are defined or used in the Plan.

This supplement is based on tax laws in effect in Australia as of 2017. It does not necessarily address all local tax laws that may apply to you. Such laws are often complex and can change frequently. As a result, the information contained in this summary may be out of date at the time you participate in the Plan, acquire shares, receive dividends or sell shares acquired under the Plan.

Please note that this supplement is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and Arcadis NV is not in a position to assure you of any particular tax result.

Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax laws in your country apply to your specific situation.

If you are a citizen or resident of another country, the information contained in this supplement may not be applicable to you.

## TAX INFORMATION

### 1 DATE OF GRANT

On the date you enroll in the Plan and you are granted a right to purchase shares in Arcadis NV against a discounted purchase price, you are not subject to taxation.

### 2 PURCHASE DATE

You should not be subject to taxation on the date your accumulated savings are used to purchase shares in Arcadis NV at a discount as the shares are subject to a one-year blocking period.

### 3 AT CESSATION OF EMPLOYMENT OR END OF ONE-YEAR BLOCKING PERIOD

You will be subject to taxation on the earliest of the following dates after purchase (referred to as the Employee Share Scheme (“ESS”) deferred taxing point):

- the date you cease employment; or
- the date the one-year blocking period ends.

However, if you sell the Arcadis NV shares within 30 days of either of those dates, the ESS deferred taxing point will be moved to the date of sale and you will be subject to taxation on that date.

The taxable amount will be the difference between the fair market value of the Arcadis NV shares at the ESS deferred taxing point and the amount you paid to acquire the shares (i.e. the discounted purchase price). If you sell the Arcadis NV shares in an arm’s length transaction within 30 days of the ESS deferred taxing point, the taxable amount will instead be the sales proceeds, less the amount you paid to acquire the shares and any costs of sale (e.g. brokerage).



You will be subject to tax at your marginal tax rate (up to 45%) plus Medicare levy and if applicable, Temporary Budget Repair Levy (on taxable income exceeding AUD 180,000).

The examples in this supplement are expressed in Euros as the Arcadis NV shares are listed on the Euronext Exchange and prices are expressed in Euros. The taxable amount for Australian tax purposes should be converted to Australian dollars. The examples are for illustrative purposes only and while the examples show an increase in the price of Arcadis NV shares, there is no guarantee this will be the case.

#### EXAMPLE TAX CALCULATION

Assuming a marginal tax rate of 47% (45% income tax plus 2% Medicare levy)

##### TAX EXAMPLE 1

Share price at purchase and share price at ESS deferred taxing point are equal

• Monthly contribution	€ 100
• Fair market value of purchased shares at purchase date	€ 25
• Fair market value of purchased shares at ESS deferred taxing point <sup>1</sup>	€ 25
• Amount paid per share (€25 – 20% discount)	€ 20
• Shares purchased (€100 / €20)	5
• Total monthly (gross) taxable fiscal benefit 5 x (€25 – €20)	€ 25
• Total taxes due (47% x €25)	€ 11.75
• Paid (€100 + €11.75)	€ 111.75
• Value received (5 x €25)	€ 125
= Net benefit at purchase	€ 13.25

##### TAX EXAMPLE 2

Increase of share price at ESS deferred taxing point

• Monthly contribution	€ 100
• Fair market value of purchased shares at purchase date	€ 25
• Fair market value of purchased shares at ESS deferred taxing point <sup>2</sup>	€ 30
• Amount paid per share (€25 – 20% discount)	€ 20
= Shares purchased (€100 / €20)	5
• Total monthly (gross) taxable fiscal benefit 5 x (€30 – €20)	€ 50
• Total taxes due (47% x €50)	€ 23.50
• Paid (€100 + €23.50)	€ 123.50
• Value received (5 x €30)	€ 150
= Net benefit at purchase	€ 26.50

#### 4 CAPITAL GAINS TAX (“CGT”)

If you sell the Arcadis NV shares within 30 days of the ESS deferred taxing point, you will be subject to tax as outlined in section 3 above and you will not be subject to capital gains tax.

If you sell the Arcadis NV shares more than 30 days after the original ESS deferred taxing point, you will be subject to capital gains taxation to the extent that the sale proceeds (assuming that the sale of Arcadis NV shares occurs in an arm’s-length transaction) exceed your cost base in the Arcadis NV shares sold. Your cost base in the Arcadis NV shares will generally be equal to the market value of the Arcadis NV shares at the ESS deferred taxing point plus any incremental costs you incur in connection with the sale (e.g., brokers fees).

The amount of any capital gain you realize must be included in your assessable income for the year in which the Arcadis NV shares are sold. However, if you hold the Arcadis NV shares for at least one year prior to selling (excluding the dates you acquired and sold the Arcadis NV

<sup>1</sup> Upon the moment the one-year blocking period ends or earlier if the employee ceases employment during the one-year blocking period.

<sup>2</sup> Ditto.



shares), you may be able to apply a discount of 50% to the amount of capital gain that you are required to include in your assessable income.

You are responsible for reporting any income you realize from the sale of Arcadis NV shares and paying any applicable taxes due on such income.

If your sale proceeds are lower than your cost base in the Arcadis NV shares sold (assuming the sale occurred in an arm's-length transaction), you will realize a capital loss. Capital losses may be used to offset capital gains realized in the current tax year or in any subsequent tax year, but may not be used to offset other types of income (e.g., salary or wage income).

#### EXAMPLE CAPITAL GAINS TAX CALCULATIONS FOLLOWING ON FROM TAX EXAMPLE 2 Assuming a marginal tax rate of 47% (45% income tax plus 2% Medicare levy)

##### TAX EXAMPLE 3

Shares sold more than 30 days, but less than one year after ESS deferred taxing point, share price on date of disposal €40

• Disposal proceeds (€40 x 5 shares)	€ 200	
• Cost base <sup>3</sup> : fair market value at ESS deferred taxing point €30 (from Tax Example 2) x 5	€ 150	
• Capital gain	€ 50	
• Tax on capital gain (47% of €50)	€ 23.50	
• Tax payable	€ 23.50	
• Total costs: purchase price and taxes (ESS and CGT) (€100 + €23.50 + €23.50)		€ 147
= Net benefit (proceeds less total costs)		€ 53

##### TAX EXAMPLE 4

Shares sold at least one year after ESS deferred taxing point (not counting day of acquisition and disposal), share price on date of disposal € 40

• Disposal proceeds (€40 x 5 shares)	€ 200	
• Cost base <sup>4</sup> : fair market value at ESS deferred taxing point €30 (from Tax Example 2) x 5	€ 150	
• Capital gain	€ 50	
• 50% of capital gain included in assessable income <sup>5</sup>	€ 25	
• Tax on capital gain (47% of €25)	€ 11.75	
• Tax payable	€ 11.75	
• Total costs: purchase price and taxes (ESS and CGT) (€100 + €23.50 + €11.75)	€ 135.25	
= Net benefit (proceeds less total costs)	€ 64.75	

## 5 TAX WITHHOLDING AND REPORTING

Assuming you have provided your employer with your Tax File Number ("TFN") or Australian Business Number ("ABN") (as the case requires), neither Arcadis NV or your employer will be required to withhold any taxes in connection with your participation in the Plan. Instead, you personally will be responsible for paying any taxes attributable to your participation in the Plan to the local tax authorities.

Arcadis NV or your employer will provide you and the Commissioner of Taxation with a statement containing certain information about your participation in the Plan after the end of the income year in which the ESS deferred taxing point happens.

<sup>3</sup> Any incidental costs of disposal (e.g. brokerage costs) would also be included in the cost base.

<sup>4</sup> Any incidental costs of disposal (e.g. brokerage costs) would also be included in the cost base.

<sup>5</sup> We have assumed you do not have any capital losses to be offset against the capital gain.



## 6 DIVIDENDS

Any dividends paid on ARCADIS NV shares will be subject to income tax (up to 47%) in Australia in the income year in which they are paid (even if reinvested). The dividends may also be subject to Dutch withholding tax (generally 15%). You may be entitled to a foreign income tax offset, whereby the Dutch withholding tax is offset against the Australian tax payable on the dividend.

## 7 MISCELLANEOUS

Your Arcadis NV shares are registered at the following account: 02300000012813S2.