



EMPLOYEE STOCK INCENTIVE PLAN

A STRATEGIC SOLUTION FOR ALIGNING EMPLOYEE BENEFITS WITH BUSINESS GOALS

BDO in India
2024

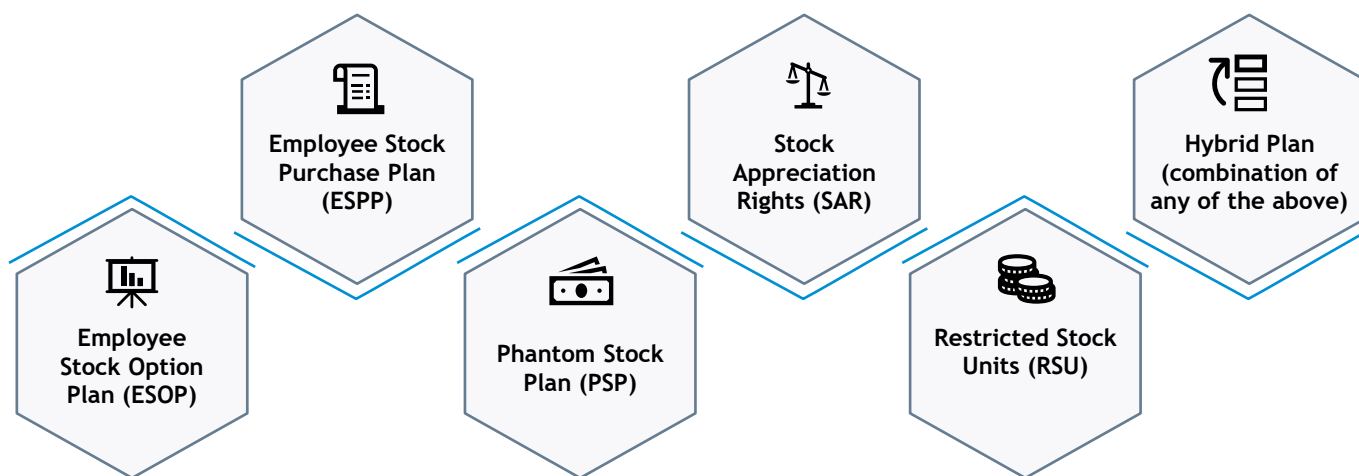


An Employee Stock Incentive Plan (ESIP) is a compensation medium that provides employees with an ownership stake in the organisation. It demonstrates the employer’s commitment to sharing its future prosperity with its workforce. This medium is being increasingly adopted by new-age entrepreneurs as well as established companies as a lucrative compensation and retention tool. While various types of plans are prevalent globally, an organisation should adopt one that aligns with its unique philosophy and needs.

Identifying and designing a suitable plan is a challenge that necessitates evaluation of key considerations including the purpose of the plan, industry trends, regulatory requirements and business projections. Our subject matter experts at BDO India help organisations to effectively design, develop, communicate and administer ESIPs for employees in India and across the globe, ensuring the plans are both attractive to the workforce and aligned with the company’s objectives.



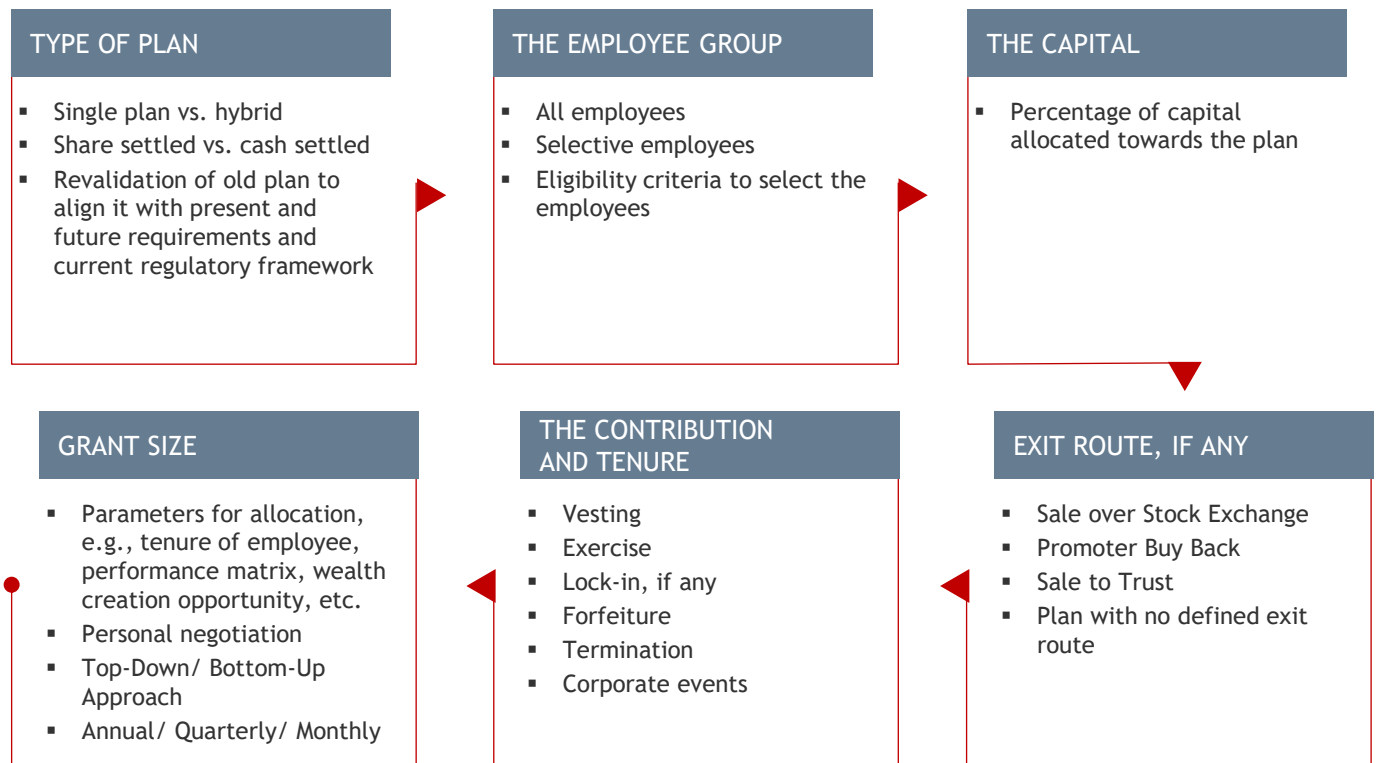
TYPE OF STOCK INCENTIVES



SELECTING THE RIGHT REGULATORY FRAMEWORK

UNLISTED COMPANY	ADDITIONAL REGULATIONS FOR LISTED COMPANY	ADDITIONAL REGULATIONS IN CASE OF FOREIGN JURISDICTIONS
Companies Act, 2013 + Rules	SEBI (SBEB) Regulation, 2014	Foreign Exchange Management Act, 1999 (FEMA)
Income Tax Act, 1961 + Rules	SEBI (LODR) Regulation, 2015	Tax and regulatory requirements in foreign jurisdictions
	SEBI (PTI) Regulation, 2015	

KEY CONSIDERATIONS FOR A SUCCESSFUL ESIP IMPLEMENTATION



HOW BDO INDIA CAN HELP

We collaborate with businesses, both start-ups and corporates, to understand their unique requirements and provide end-to-end support for the seamless development and implementation of the suitable ESIP, ensuring adherence to relevant global regulations.

Identification and Development

- Discussions with stakeholders to identify requirements
- Suggesting an appropriate plan
- Assistance in designing and developing the identified plan
- Assistance in the development of supporting documentation and employee communications, including conducting workshops for employees
- Advising trust route for managing Stock Incentive Plans

Valuation, Accounting and Financial Reporting

- Valuation of shares and options
- Advising on the appropriate accounting treatment and disclosure requirements
- Advising on appropriate accounting for group-wide Stock Incentive Plans and cost cross-charge arrangements

Tax and Regulatory Advisory and Compliances

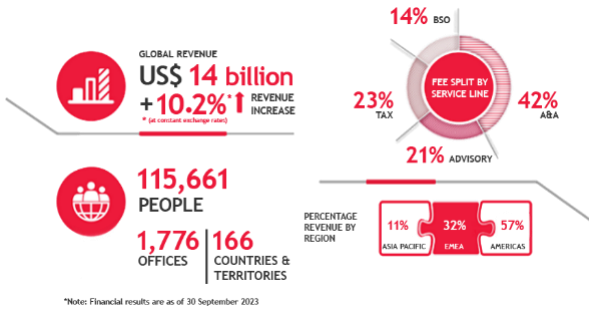
- Advising on Company law and SEBI regulations
- Tax planning and reporting by individuals in personal tax return
- Assistance in withholding calculations and payroll reporting, considering the beneficial provisions available under the tax laws and tax treaties
- Cost deductibility by the company

Cross-border Involvement

- Overseas tax and regulatory requirements
- Recharging of costs, mark-up required and deductibility of the recharges
- Foreign Exchange Management Act compliances and filing requirements
- Cross-border income sourcing through the use of suitable tools

ABOUT BDO GLOBAL

BDO is a leading professional services organisation with a presence in 160+ countries and over 115,600 people working out of more than 1,750 offices. We endeavor to deliver an exceptional client experience through a tailored solutions approach, while partnering with our employees and clients globally.



ABOUT BDO IN INDIA

BDO in India offers Assurance, Tax, Advisory, Business Services & Outsourcing and Digital Services for both domestic and international clients across industries. The team at BDO in India consists of over 9,000 professionals led by more than 300 partners and directors operating out of 18 offices, across 12 key cities.



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