ESOP 2023
Employee Share Ownership Plan

# CAPGEMINI GROUP EMPLOYEE SHARE OWNERSHIP PLAN 2023
# LOCAL SUPPLEMENT FOR INDIA

**You are invited to invest in the shares of Capgemini SE through the Capgemini Group Employee Share Ownership Plan 2023 ("ESOP 2023"). Below is a summary of ESOP 2023 and specific terms applicable to employees in India, including principal tax and social security consequences relating to ESOP 2023.**

**For a complete description of ESOP 2023, please refer to the Employee Information Brochure, the Key Information Document ("KID") "ESOP Leverage P 2023" compartment of the "ESOP CAPGEMINI" FCPE provided together with this supplement, and also available on https://esop.capgemini.com/2023.**

**Please note that the decision to participate in ESOP 2023 is yours, considering your own situation and any independent advice you may require. Please also note that ESOP 2023 and its terms will not form part of your individual employment relationship with your Employer. Neither your Employer nor Capgemini SE will give you investment advice with respect to ESOP 2023. You are encouraged to consult Capgemini SE's Registration Document and any interim financial reports containing important information on its activities, strategy, financial results and certain risks associated with its business and investment in Capgemini SE shares.**

**This ESOP 2023 relies on the exemption from publishing a prospectus provided for in Article 1.4(i) of the EU Regulation 2017/1129/EC.**

## General description of ESOP 2023

### Eligibility

All current employees of Capgemini Group companies in India, including the employees of the direct or indirect majority-owned (Indian) subsidiaries of Capgemini SE, the French parent company of the Capgemini group, are eligible to participate in ESOP 2023, provided they have completed a minimum employment period of three (3) months in the Capgemini Group since January 1, 2022 up to November 15, 2023 (date of the closing of the revocation period), and who has also been employed with Capgemini Group companies in India (including the direct or indirect majority-owned (Indian) subsidiaries of Capgemini SE) for at least one day between November 13 and November 15, 2023.

### Reservation and Revocation Periods

The reservation/subscription period starts on September 15, 2023, and lasts until 5 p.m., October 4, 2023 (inclusive). During the reservation/subscription period, you will be able to submit your subscription orders to subscribe to Capgemini SE shares (through the compartments of the "ESOP Capgemini" FCPE ).[1]

[1] *"ESOP Capgemini" FCPE (Fonds Commun de Placement d'Entreprise) is an employee shareholding vehicle (commonly used by French companies), through which employees can own Capgemini SE shares.*

## Subscription/Revocation Period

During the reservation/subscription period, the subscription price for the Capgemini SE shares will not be known. Capgemini SE will set the subscription price on November 10, 2023.

The revocation period starts on November 13, 2023, and lasts until 5 p.m., November 15, 2023 (inclusive). You can cancel/revoke your subscription order in total during the revocation period. Partial cancellation is, however, not possible. Upon the expiration of the revocation period, the outstanding orders shall become final, irrevocable, and binding on you.

## Subscription Price

The CEO of Capgemini SE will set the subscription price and communicate to you on November 10, 2023, via postings in your workplace and on the internet site dedicated to ESOP 2023.

The subscription price for Capgemini SE shares will be at a discount of 12.5% from the 'reference price'. The reference price will be determined based on the arithmetic average of the daily volume-weighted average of the Capgemini SE share price over the 20 consecutive trading days ending November 9, 2023. As a result, the subscription price will equal the reference price, less a 12.5% discount.

It is to be noted that your subscription price will be in euros (€). Consequently, for subscription purposes, the amount of your payment in Indian Rupees (INR) will be converted using the exchange rate communicated to you before the revocation period. In all circumstances, other than those referred to above, exchange rates may affect the value of your investment as the market governs them and are not guaranteed.

***Important Note:** During the life of your investment, the value of the Capgemini SE shares subscribed through the FCPE will be affected by fluctuations in the currency exchange rate between the euro (€) and INR. As a result, if the € strengthens relative to INR, the value of the shares expressed in local currency will increase. On the other hand, if the value of the € weakens relative to INR, the value of the shares expressed in INR will decrease.*

## Method of Payment – What are the payment methods available for my subscription?

The following payment methods are made available to subscribe to Capgemini SE shares:

- Deduction by single disbursement from your monthly salary for December 2023, or
- Availing of the finance facility offered by your Employer and repayment in four equal monthly instalments deducted from your salary commencing December 2023[2].

The choice of payment method must be indicated in the Reservation/Subscription Form.

## Financing by Employer

Important Note: During the life of your investment, the value of the Capgemini SE shares subscribed through the FCPE will be affected by fluctuations in the currency exchange rate between the euro (€) and INR. As a result, if the € strengthens relative to INR, the value of the shares expressed in local currency will increase. On the other hand, if the value of the € weakens relative to INR, the value of the shares expressed in INR will decrease.

Although the said financing would be interest-free, under the Income-tax Act, a notional interest as per the Income-tax Act would be chargeable and treated as a perquisite and taxable in your hands until repayment[3].

## Maximum & Minimum Subscription Amount

During the reservation/subscription period (September 15 to October 4, 2023), you will be able to submit your subscription orders to subscribe to Capgemini SE shares (through the compartments of the "ESOP Capgemini" FCPE) for a maximum of 2.5% of your estimated gross annual salary for 2023. However, if you could not subscribe during the reservation/subscription period, in that case, you may still subscribe during the subscription/revocation period (November 13 to 15, 2023), wherein your subscription order shall be limited to 0.25% of your estimated gross annual salary for 2023. Gross annual salary is defined as your Annual Total Cash Compensation (including Variable Pay at target for 2023).

Your responsibility is to ensure that the investment does not exceed the above limits, calculated based on the 2023 calendar year (January 1 2023, to December 31 2023). In making the calculation, you will need to estimate the remuneration you expect

*[2] As per the Companies Act, 2013 and the Rules made thereunder, where your Employer company is a public limited company (including a private company which is a subsidiary of a public company), your Employer can provide finance facility/assistance to its employees to subscribe to Capgemini SE shares (under ESOP 2023) provided shareholders' approval has been obtained. Accordingly, wherever relevant, the shareholders' approval has been obtained in accordance with the law.*

*[3] Further details are provided in the section on taxation.*

to receive by the end of the year. So, we suggest you estimate your remuneration without including variable pay elements and other benefits you are not guaranteed to receive. If the amount of your subscription exceeds the limit, your subscription may be accordingly reduced.

The minimum subscription amount is INR 9,000.

## Currency Exchange Control

All Indian resident individuals, who are either employees or executive directors of Capgemini India, are permitted to acquire foreign securities under ESOP schemes without any monetary limit. However, for ESOP 2023, the maximum subscription amount per employee is given above.

Subject to the terms and conditions of ESOP 2023, you may transfer by way of sale the foreign securities acquired under ESOP 2023 provided the proceeds thereof are repatriated immediately on receipt thereof, and in any case, not later than one hundred eighty (180) days from the date of sale of such securities. All remittances you make under ESOP 2023 shall be under and subject to all the applicable Indian foreign exchange control laws and regulations in force.

Please note that your participation in ESOP 2023 must comply with the applicable Indian laws, including the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder, as amended from time to time. The remittance of the subscription amount by your Employer on your behalf under the Liberalized Remittance Scheme (LRS) must be within the limit of USD 250,000 or otherwise be in accordance with and subject to the applicable exchange control laws and regulations in force. Your Employer may not be aware of your other remittances under the LRS; hence, you are solely responsible for ensuring that your subscription is within the limit of USD 250,000. You agree to be solely responsible for any breach of the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder. In case later, it is found that such remittance has led to a breach of the prescribed limit, i.e., USD 250,000 per financial year (or otherwise), you will bring the excess funds back to India and shall suo moto apply for compounding. Please refer to the tax section for TCS applicability.

## Securities Notices

This document and the offer made herein are addressed only to Capgemini group employees eligible to participate in the ESOP 2023. No Indian securities law or other filing or reporting requirements apply to this ESOP 2023.

## Custody of your Units/Shares

Your units/shares will be subscribed to and held on your behalf by a collective shareholding vehicle, known as Fonds Commun de Placement d' Entreprise (FCPE), commonly used in France for the custody of shares held by employee investoRs.The subscription to the Capgemini SE shares will be made by the FCPE, acting on your behalf. You will be issued units of the FCPE corresponding to the shares you will have subscribed to and held on your behalf by the FCPE. Thus, for each amount invested corresponding to the subscription price of one share, you will receive one unit of the FCPE. The units of FCPE will not be listed on a stock exchange and are not transferable to a third party. The units can be redeemed only in the manner provided herein.

## Dividends

You will not be entitled to receive any dividend on the units you hold through the FCPE "ESOP Capgemini" in exchange for units of the "ESOP Leverage P 2023" Compartment.

## Voting Rights

On your behalf, the voting rights attached to your Capgemini SE shares will be exercised by the Supervisory Board of the FCPE.

[4] *The Liberalised Remittance Scheme of (Indian) foreign exchange control regulations allows an Indian resident employee to buy securities of a foreign company for an amount not exceeding USD 250,000 in a financial year (i.e., 1st April of one calendar year to 31st March of the following calendar year). This limit is the aggregate amount an employee can remit in a financial year (April-March), including his remittances towards all permissible current and capital account transactions.*

## Early Exit Events - In which cases may I ask for early redemption?

In consideration of the benefits granted under ESOP 2023, your investment must be held for a five-year lock-up period ending on December 19, 2028, except in the case of early exit events listed below, wherein you may request the redemption of your units before the end of the five-year lock-up period:

- termination/resignation/superannuation of the employment contract,
- disability of the employee (resulting in a permanent or temporary (of at least 6 months) disability to exercise professional activity), and
- death of the employee.

It is clarified that in the event of a change of Employer (within Capgemini Group), where the new Employer is an entity that has participated in or is participating in the ESOP in a country under the same structure as India, i.e. the FCPE's « ESOP Leverage P » compartments, it shall not constitute an early exit case. On the other hand, a change of Employer (within Capgemini group), where the new Employer is an entity that has participated in or is participating in the ESOP in a country under a different structure or in a non-participating country, may constitute, upon Capgemini SE's sole decision, an early exit case. In addition, at Capgemini SE's sole discretion, early redemption may also apply if your Employer ceases to be a Capgemini SE subsidiary.

In these circumstances, you (or your personal representatives) would need to request an early redemption/exit, as this would not be automatic. The above summarises the current early exit provisions permitted under French laws. However, it would help if you did not conclude that an early exit event is applicable unless you have described your specific situation to your Employer in the prescribed form and your Employer has confirmed that the same applies to your situation subject to you providing the requisite supporting documents. While processing your request for an Early Exit Event, your Employer will take an independent decision at its discretion, which shall be final and binding. For further information on the early exit events and/or redemption procedure, please contact your Human Resources Department.

If you submit an early exit request, the FCPE manager will execute your request after being validated by your Employer and transfer the value of your investment to you or your Employer. Please see the relevant FCPE information notice regarding the timing of execution of early exit requests.

## Redemption

Your investment becomes available for redemption on the expiry of the 5-year lock-up period (ending on December 19, 2028) or earlier in the case of an early exit event as set out above. At the end of the lock-up period, you will be intimated of the expiry of the lock-up period and the availability of your investment and the redemption process.

Just before the expiry of the lock-up period, you may either request the redemption of your investment - (1) in cash payment or (2), wherever permitted, elect to transfer the units into another FCPE offered within the employee group savings plan.

## Labour Law Disclaimer

Please note that this ESOP 2023 is provided to you by the French company, Capgemini SE, not your local Employer. The decision to include a beneficiary in this or any future ESOP 2023 is taken by Capgemini SE at its sole discretion. ESOP 2023 does not form part of your employment agreement and does not amend or supplement such an agreement. Participation in ESOP 2023 does not entitle you to future benefits or payments of a similar nature or value and does not entitle you to any compensation if you lose your rights under ESOP 2023 due to the termination of your employment. Benefits or payments you may receive or be eligible for under ESOP 2023 will not be considered in determining the amount of any future benefits, payments or other entitlements that may be due to you (including in employment termination cases).

## Change of Date or Cancellation/Termination

Please note that the dates provided in the documentation relative to ESOP 2023 are indicative and may be changed at any time by Capgemini SE. Furthermore, Capgemini SE may also, at its discretion, choose to cancel ESOP 2023.

## Further Information

- The securities offered for sale under 2023 ESOP has not been recommended by any governmental securities commission or regulatory authority, nor has any authority confirmed the accuracy or determined the adequacy of this document or any other materials being distributed or made available to you in connection herewith.
- You understand that your investment value is tied to Capgemini SE's share price changes. Therefore, you risk the amount of your personal contribution invested in the ESOP 2023 and understand the importance of diversifying your investments. Neither Capgemini nor your Employer nor any subsidiaries, directors, officers, or employees provides financial, investment, tax or other advice connected with ESOP 2023.
- Capgemini SE or your Employer shall not be liable for any act done or omitted to be done in connection with ESOP 2023 except for its willful misconduct or as expressly provided by the law.
- Although a general tax summary is provided as part of this Country Supplement, neither Capgemini SE nor your Employer offers any tax advice. Therefore, you should consult your tax advisor for advice regarding the tax consequences of participating in the 2023 ESOP.
- The ESOP 2023 is subject to the laws of the Republic of France and should be interpreted following such laws. These laws have been chosen to apply because Capgemini SE is a company organized under the laws of France. In case of any dispute regarding the interpretation, validity or application of ESOP 2023, the relevant parties will strive to find an amicable solution. However, if such a solution cannot be found, the dispute shall be heard by a competent court in France.
- You should contact your local Plan Officer with any questions regarding this offer. Their details appear on **https://esop.capgemini.com/2023.**

# Tax Information for Employees

*This document aims to answer some of your questions regarding income tax and social charges consequences arising from your participation in the Capgemini Group Employee Share Ownership Plan 2023 ("ESOP 2023").*

*This summary sets forth general principles that are expected to apply to employees who (i) are residents of India under the tax laws of India and the Convention between India and the French Republic for the avoidance of double taxation dated September 29, 1992 (the "Treaty"), and (ii) are entitled to the benefits of the Treaty; and who would continue to remain, residents of India, until their rights to the units in ESOP 2023 will have ended. The tax consequences listed below are described under India and certain French tax laws, tax practices and the Treaty, all of which are applicable as of date.*

*Please note that this Country Supplement is based on the laws in force as of August 1, 2023. These laws, practices, and the Treaty are subject to change, affecting your tax position. For more specific and definitive personal advice and to take care of any possible changes in the personal tax legislation, it is recommended that you consult your tax advisors regarding the tax consequences of subscribing to Capgemini SE shares through the compartment "ESOP LEVERAGE P 2023" of the Fonds Commun de Placement d'Entreprise ("FCPE") "ESOP CAPGEMINI" in this Offering.*

*This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive. While every effort has been made to provide information as precise as possible, the employing company ("Employer") does not take responsibility for its accuracy.*

*This tax note should be read in conjunction with the Brochure and other materials distributed to you and available at* ***https://esop.capgemini.com/2023.*** *Please note that the new TCS (tax collected at source) provisions described below apply to persons who have done outward remittances from India exceeding INR700,000 during FY 2023-24.*

## Upon subscription

**I. Will I be required to pay any tax or social security charges at the moment of subscription?**

**(i) Taxation in France - At the time of Subscription**

Provided your investment is held through the FCPE "ESOP CAPGEMINI" in exchange for units of the "ESOP Leverage P 2023" Compartment, you will not be subject to tax or social charges in France.

**(ii) Taxation in India – at the time of Subscription**

**In the hands of Employees:**

Your investment in Capgemini SE shares will be contributed and held in a collective employee shareholding vehicle (FCPE) called FCPE "ESOP CAPGEMINI" in exchange for units of the "ESOP Leverage P 2023" Compartment.

For the financial year 2023-2024, at the time of allotment, you would be liable to pay tax on the amount of difference between the fair market value (FMV) of Capgemini SE shares (which is to be determined by a Merchant Banker) and the subscription price paid by you. Such amount shall be treated as "perquisite" income and taxable in your hands under section 17(2) of the Income-tax Act, 1961.

**The valuation of perquisite is calculated on the difference between:**

(i) the "fair market value" of the shares on the specified date (under the Indian tax regulations), as determined by a "category I merchant banker" registered with the Security and Exchange Board of India ; and

(ii) the subscription amount paid by you.

In terms of ESOP 2023, the Capgemini SE shares are offered at a 12.5% discount. Therefore, the proposed discount on the fair market value of the shares would be treated as a perquisite under Section 17 of the Income-tax Act, 1961 and, as a result, would form part of your compensation and liable to be taxed in your hands as income under the head "Salaries". Accordingly, tax on perquisites applies to the discount on the units/shares subscribed with your own contribution.

Consequently, a share valuation certificate issued by a category I merchant banker would be required for determining the "fair market value" of Capgemini SE shares and the difference between the "fair market value" and the subscription price paid by you will be treated as perquisite income and taxed at the applicable tax rate. Your Employer will procure such a share valuation certificate.

**Illustration:**

| | |
|---|---|
| Fair Market value of 1 Capgemini SE share | **Rs.100.00** |
| Subscription price paid by you @ 12.5% discount | **Rs.87.50** |
| Discount | **Rs.12.50** |

Discount of Rs.12.50 will be treated as "perquisite" income and added to your taxable salary.

Employer will withhold tax at the rate applicable to you and remit the taxes withheld to the tax authorities (for applicable tax rates, please refer to the table below). In addition, your Employer may collect the applicable TCS (tax collected at source) from you under the Liberalised Remittance Scheme ("**LRS**") and deposit the tax with the tax authorities if applicable.

Please note that TCS on LRS is a new requirement introduced in the current financial year, and it did not apply in the prior plan yeaRs.TCS applies to outward remittances under the LRS exceeding INR 700,000 per person per financial year (other than for education and medical purposes). Effective October 1, 2023, the applicable TCS rate is 20% of the remitted amount above INR 700,000. If your total remittances under the LRS in 2023 (together with the remittance under the ESOP 2023 plan) do not exceed INR 700,000, you will not be subject to the TCS. However, if your remittances exceed INR 700,000 and TCS applies, in that event, TCS will be collected/recovered from your December 2023 payroll and deposited with the tax authorities, which would appear as a credit in your Form 26AS. It is to be noted that the Employer will not bear these taxes.

Additional regulatory guidance on TCS's scope, application, and recovery is awaited and could impact its application as described above.

When subscribing to units/shares through the FCPE, you would have no social tax consequences.

<u>In the hands of the Employer:</u>

There will be no liability on the Employer to pay tax.

### II. Will the interest-free loan be taxable?

Under Section 17(2)(vi) of the Income-tax Act, 1961, read with Rule 3 of Income-tax Rules, 1962, perquisite includes the value of any benefit or amenity granted or provided free of cost or at a concessional rate. Per the provisions of Rule 3(7)(i) of the Income-tax Rules, 1962, an interest-free loan or loan provided at a concessional rate qualifies as a perquisite. Therefore, the benefit, concession or amenity extended by the Employer to you (if you so opt) would take the form of perquisite and be liable to tax in your hands.

<u>Valuation of Perquisite (in the form of an interest-free loan)</u>

Since financing by the Employer would be free of interest, the Indian tax law requires a charge of a notional rate of interest on the loan amount, which would be treated as a perquisite granted to you and subject to tax. Perquisite value would be calculated based on the maximum outstanding monthly balance method. However, no perquisite value would be charged if the loan amount is less than INR 20,000 in the aggregate.

According to Rule 3(7)(i) of the Income-tax Rules, 1962, the value of the benefit to the employee resulting from the interest-free or concessional loan (above INR 20,000) for any purpose by the Employer shall be determined as the sum equal to the interest computed at the rate charged per annum by the State Bank of India as on the first day of the relevant previous year in respect of loans for the same purpose advanced by it, on the maximum outstanding monthly balance as reduced by the interest, if any, actually paid by him with respect to the loans above INR 20,000.

The rate charged by the State Bank of India for such type of loan is 14.10 per annum (which is subject to change from time to time). As the value of perquisite in the hands of the employee would be the difference between the interest rate charged by the State Bank of India and the rate offered by the Employer (in the present case zero, since the Employer will not charge interest), the value of perquisite will be 14.10% on the maximum outstanding monthly balance. Since the perquisite value on account of an interest-free/concessional loan would be taxable in your hands, the Employer would withhold tax thereon at the appropriate rate.

There would be no social security tax consequences for you in case of financing by the Employer.

<u>Illustration:</u>

1. Sameer took a loan of Rs.18,000 from his Employer on December 1, 2023, to subscribe to ESOP 2023. As the loan amount is less than Rs.20,000, no perquisite would be applicable (provided this loan (or other outstanding interest-free loans) does not exceed, in the aggregate, Rs.20,000).
2. Sameer took a loan of Rs.100,000 from his Employer on December 1, 2023, to subscribe to ESOP 2023. The loan is repayable by way of monthly payroll deductions over 4 months. The perquisite is not exempt from tax as the loan amount is higher than Rs.20,000. Perquisite is calculated on the entire value of the loan of Rs.100,000.

[5] *The merchant banker will consider the listed price of Capgemini SE share on the Euronext Paris (the Paris stock exchange) on the specified date as per the India tax regulations (i.e., date of subscription or any date within 180 days earlier to the date of subscription) as one of the considerations.*

[6] *Under the LRS scheme, a resident person can remit outside India funds up to US$ 250,000 without prior permission of RBI for the financial year from 1st April to 31st March. This scheme is available only to individuals.*

Perquisite calculation: The perquisite value for the year 2023-24 is calculated as follows:

On 01-December-2023, an employee is provided with an interest-free personal loan of Rs.80,000, recovered across four instalments. The repayment, through payroll deduction, happens on the last day of each month, with the first loan instalment falling due on 31-December-2023. The SBI interest rate as of 01-Apr-2023 is assumed to be 14.10% per annum.

| INTEREST-FREE/CONCESSIONAL LOAN TO EMPLOYEE - VALUATION OF PERQUISITE -FINANCIAL YEAR 2023-24 | |
|---|---|
| *SBI Interest as on 01.04.2023* | **14.10%** |
| *Actual Interest Charged by Employer (in Rs.)* | **0** |
| *Loan Outstanding on 01.12.2023* | **80,000** |
| *Monthly Repayment instalment* | **20,000** |

| Month | Maximum amount outstanding on the Last Day of the Month | Perquisite Value (Interest as per SBI rate) |
|---|---|---|
| *Dec-23* | **60,000** | **705** |
| *Jan-24* | **40,000** | **470** |
| *Feb-24* | **20,000** | **235** |
| *Mar-24* | **0** | **0** |
| **Total Interest / Perquisite Value** | | **1410** |
| **Less: Recovered** | | **0** |
| **Valuation of Perquisite** | | **1410** |

## During the life of the Plan

### III. Will I be required to pay any tax or social security charges on dividends?

Under the ESOP offering, pursuant to the swap agreement, for all dividends received by the FCPE an equal amount is paid to the bank. Therefore, you do not benefit from dividends paid, if any, to the FCPE "ESOP CAPGEMINI".

**(i) Taxation in France**

No withholding tax will be levied in France in the absence of distribution to employees by the FCPE "ESOP CAPGEMINI" of the dividends received from Capgemini.

**(ii) Taxation in India**

Your investment will be held through the FCPE "ESOP CAPGEMINI" (in exchange for units of the "ESOP Leverage P 2023" Compartment), and you will not be entitled to dividend distribution. Hence, no Indian tax will be levied in India during the lock-up period.

### IV. Will I be required to pay any wealth tax on the units I own?

Not applicable as the Wealth Tax Act is abolished

### V. What are my reporting obligations concerning the subscription, holding and redemption of the FCPE units, and paying dividends?

If you are a resident and ordinarily resident as per the provisions of the Income-tax Act, 1961, in that case, you will be subject to taxation on your global income in India, subject to benefits available, if any, under the Treaty between India and France. Therefore, you must disclose your investment under ESOP 2023 in Capgemini SE during the holding period (starting from the year of subscription), receipt of dividend (if any, after the lock-up period) and the capital gains earned at the time of redemption in your income tax return (Form ITR-2) in the relevant financial year.

*[8] SBI rate of interest (provisional) as of 1st April 2023 (for Personal Loans). To be reconfirmed by the Employer.*
*[9] Perquisite value = Maximum Outstanding Monthly Balance (Closing Balance) x 14.10% / 12.*

Tax Reporting in your ITR

As per the law, disclosing foreign assets in ITR is mandatory for resident taxpayers who own specified foreign assets at any time during the entire accounting year. Thus, while filing your income-tax return (in Form ITR-2), you must report the units you hold in FCPE ESOP Capgemini 2023 (during each relevant financial year) (and the units held by you under the earlier subsisting Capgemini ESOP or other plans) and the foreign-sourced income earned therefrom. Such reporting is necessary (irrespective of the value) in the tax return using the appropriate ITR Form (ITR-2). In addition, apart from the value/cost of Capgemini shares, the income earned (in INR) from the units/shares and the nature of income and head of income under which such income is being offered to the tax must be reported. Please note that you must provide details of the foreign assets held (units in the FCPE ESOP Capgemini 2023) in Schedule F.A. [Details of Foreign Assets and Income from any source outside India] of the ITR form and fill the Schedule Foreign Source Income (FSI), Schedule AL and Schedule Tax Relief (T.R.) of the return of income, wherein details, such as taxpayer identification number in the overseas country (if any), type of foreign income earned, amount of income, foreign tax paid thereon and India tax payable on such income are required to be disclosed. You must consult your tax advisor to ensure compliance with applicable reporting obligations.

When it comes to disclosing foreign investments and stocks for tax purposes, there are specific guidelines to follow in India. These investments (which are units held in FCPE and hence classified as "any other capital asset held") should be reported in Table D under Schedule FA in your ITR form (ITR-2), and the value of these assets should be declared in INR after converting them from foreign currency.

Dividends should be declared as income from other sources in the year they are paid, and the employees must pay the applicable tax on dividends. Dividends are taxable in the year they are earned, regardless of whether they are remitted to India or reinvested.

The ITR-2 Form requires disclosing assets held at any time during the calendar year for employees holding foreign assets/investments. For this purpose, the accounting period followed by the foreign country for closing their accounts is considered the accounting period for reporting the assets. For instance, if you are filing ITR for the assessment year 2024-25, you must disclose all the foreign assets you held from January 1, 2023, to December 31, 2023, as most countries follow the calendar year for assessment, unlike India, where the financial year is from April 1 to March 31. i.e., if you purchased foreign stocks/units in December 2023, they still need to be declared in Schedule FA in FY23. Moreover, stock/units or any asset acquired between January 2024 to March 2024 will no longer be required to be disclosed in the current ITR filing but in the assessment year 2025-26.

Who needs to fill the Foreign Asset Schedule in the Income Tax Return?

If you are a tax resident of India in the previous year, own foreign assets or bank accounts, or have earned foreign income during the previous year, then you must fill out the FA Schedule A.

Irrespective of the slab rate applicable, you must file an ITR if you hold any foreign asset at any time in the financial year.

Employees resident of India must fill the foreign asset schedule for the foreign assets held on December 31, 2023, even if:

- You have no taxable income, or your income falls within the basic exemption limit. The same information is captured in any other schedule, like schedule AL.

- the foreign asset is created/acquired from disclosed foreign or domestic income sources.

[10] *Schedule AL - Assets and Liabilities at the end of the year (applicable in a case where the total income exceeds Rs.5 million).*

Format of declaration in Form ITR-2 when you invest in units of FCPE ESOP CAPGEMINI 2023[15]:

| Details of any other capital asset held (Including any beneficial interest) at any time during the calendar year ending as on December 31, 2023 [11] | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| S N | Country Name and Code | Zip Code | Nature of Asset | Ownership-Direct/ Beneficial Owner/ Beneficiary[12] | Date of Acquisition | Total investment (at cost) (in Rs) | Income Derived from the asset | Nature of Income | Income Taxable and Offered in this return | | |
| | | | | | | | | | Amount[14] | Schedule where offered | Item number of schedule |
| 1 | (2) | 2b | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | France FR | 75017 | Units under Capgemini ESOP 2023 of Capgemini SE. Capgemini ESOP 2023 of Capgemini SE. | Legal Owner | 19/12/2023<br><br>(If you hold units under earlier ESOP plans, please insert the relevant details separately). Please consult a tax advisor. | (See Footnote 13) | NIL (if there is no sale of units from the date of acquisition to Dec 2023).<br><br>Whenever sold in the following years, please state the sale price multiplied by the SBI TT buying rate of the last day of the month immediately preceding the month in which the sale takes place minus (-) the investment cost in Cl 6 in proportion to the shares sold. Please consult a tax advisor. | NIL. Please fill only in case of the sale of units and choose between long-term or short-term capital gains depending on the period of holding. | NIL (if there is no sale of units from the date of acquisition to Dec 2023).<br><br>Please fill in the capital gains income (taxable) only in case of the sale of units. See Footnote 14. Please consult a tax advisor. | NIL. Please write Schedule CG - only in case of the sale of units | NIL. Please write B(9) – From the sale of assets where B1 to B8 above are not applicable- only in the case of the sale of units and a long-term capital gain (In case of short-term, please fill the A5 schedule in the Capital Gains section. |

Please also fill out Schedule AL, part of ITR-2, which requires disclosing all assets and liabilities held by a taxpayer at the end of every financial year. Individuals must fill Schedule AL mandatorily if their total income exceeds INR 5 million after all deductions and they have not engaged in any business or profession during the financial year. Individuals having a total income below INR 5 million are not required to file Schedule AL.

Repatriation of sale proceeds to India upon redemption: Subject to the terms and conditions of ESOP 2023, you may ask for the redemption of your FCPE units acquired under ESOP 2023, provided that all cash proceeds from the redemption of the unit are repatriated to India by the Indian resident employees and in any case within one hundred eighty (180) days of such redemption. A person resident in India to whom any foreign exchange is due or has accrued must take all steps to realize and repatriate to India such foreign exchange. On realization of foreign exchange due, a person must repatriate the same to India by transferring the proceeds to or receiving the proceeds in India and, inter alia, sell them to an authorized person in India in exchange for rupees. A person is deemed to have repatriated the realized foreign exchange to India when they receive payment in rupees in India from the account of a bank or an exchange house situated in any country outside India, maintained with an authorized dealer. The gross proceeds received from the redemption of units/shares must be reported in your ITR and tax paid thereon at the slab rates applicable, plus the surcharge and health and education cess.

*[11] Similar to ESOP 2022, please fill in details (separate line items) of your holdings/capital gains earned under each of the earlier Capgemini ESOP plans (subject to your participation).*
*[12] Subscription to Capgemini SE shares is by FCPE ESOP Capgemini acting on behalf of employees.*
*[13] Please use your cost of acquisition (in INR) plus (+)12.5% discount you received at subscription (in INR). [Multiply FMV of shares in € at subscription (reference price) * number of units allotted to you (refer to the Amundi Portal)* the exchange rate between the Euro and INR fixed by Capgemini SE].*
*[14] Please insert the capital gains (long-term or short-term) earned, i.e., column 7 minus (-) column 6.*
*[15] Format of the declaration is Illustrative only. Please bear in mind that you may have to make additional disclosures if you hold units under other ESOP Plans. Please consult your tax advisor before filings your tax return.*

## Upon redemption

**V. Will I be required to pay any tax or social security charges when, at the end of the lock-up period (or in the event of an authorised early exit event), I ask the FCPE to redeem my units for cash?**

**(i) Taxation in France**

You will not be subject to income taxes in France on the gain, if any, realised on the redemption of your units.

**(ii) Taxation in India**

You may be subject to capital gains tax in India on the profit or gain realized on the redemption of your units. There are no social security taxes or other charges payable other than income tax.

**Nature of the tax (e.g. income, capital gain or another form of tax),**

Under the Income-tax Act, 1961, any profits or gains arising from transferring a capital asset (herein redemption or sale of units/ shares) are chargeable to income tax under the head "Capital Gains". In simple terms, the difference between the selling price and the fair market value of the units/shares at subscription can be described as a capital gain/loss. Thus, if the selling price is higher than the fair market value at subscription, it results in a capital gain, and when the selling price is lower than the fair market value at subscription, it leads to capital loss. In other words, capital gains tax would be attracted only to the profit or gain made when the units/shares are redeemed.

Since Capgemini SE shares are not listed on a stock exchange in India, the tax treatment of the shares would be similar to the unlisted shares in India. The nature of capital gain, i.e., long-term or short-term, would depend on the holding period of units/ shares. If units/shares are held for a period exceeding twenty-four (24) months, the capital gain will be treated as long-term; otherwise (i.e., held for twenty-four (24) months or less), capital gain would be treated as short-term and taxed accordingly. The holding period is calculated from the date of allotment of units up to the date of redemption/sale.

Long-term and short-term capital gains are taxed differently. Further detail on the rate of tax payable on the long-term and short-term capital gain is provided in the below section.

<u>Illustration:</u>

1. Sameer is a salaried employee of Capgemini India. In December 2023, he subscribed to ESOP 2023; Due to an early exit event, Sameer sold the units in February 2027. Hence, the period of holding the units under ESOP 2023 being more than 24 months, the units would be treated as long-term capital assets and capital gains, if any, earned would be taxed as long-term capital gains.
2. Sameer is a salaried employee of Capgemini India. In December 2023, he subscribed to ESOP 2023; Due to an early exit event, Sameer sold the units in July 2025, i.e. after holding for less than 24 months. Hence, the units under ESOP 2023 would be treated as short-term capital assets and capital gain, if any, earned would be taxed as short-term capital gains.

**Method by which the taxable amount is to be calculated**

Capital Gain is calculated as the difference between the sale consideration[16] at redemption/sale and the fair market value of Capgemini SE shares at subscription. In other words, capital gains will be computed by taking the fair market value of shares at the time of subscription (regardless of the 12.5% discount at subscription) as the acquisition cost (Actual amount recovered plus the amount of perquisite mentioned in Form 12BA in the year of subscription).

The income chargeable as capital gains shall be computed by deducting from the value of the sale consideration received from the redemption of the FCPE units, the "indexed cost of acquisition[17]" (indexed fair market value at subscription) of the shares, the cost of improvement and any expenditure incurred wholly and exclusively in connection with the transfer of the units/ shares in the case where the units are held for more than 24 months.

<u>Example:</u> In case you are a tax resident in India at the time of redemption of units/shares, the capital gain will be calculated in the following manner:

| | AMOUNT (INR) |
|---|---|
| *Redemption price of units/shares* | X |
| *FMV of shares at subscription as the cost of acquisition / Indexed FMV of shares at subscription as cost of acquisition (in case of long-term capital gain)* | Y |
| **Capital gain** | X – Y |

In the case of short-term capital gain, the cost of acquisition would not be indexed.

*[16] The SBI TT buying rate of EUR (€) as of the last day of the month preceding the month of redemption/sale should be considered for converting the sale consideration at redemption/switch into INR.*
*[17] Definition of "Indexed cost of acquisition" under the Income-tax Act, 1961:*
*"Indexed cost of acquisition means an amount, which bears to the cost of acquisition the same proportion as Cost Inflation Index ('CII') for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the person."*

## Rate of Taxation

- Long-term capital gain: The present applicable tax rate for Long Term Capital Gains is 20% (after indexation of acquisition cost), plus applicable surcharge and health and education cess.
- Short-term capital gain: Short-term capital gains are included in your income and are taxed per the slab-wise income tax rates specified below.

Let us take an example to make it clear:

**A. Long–Term Capital Gains**

Sameer subscribed to Capgemini SE shares in December 2018, whose fair market value (FMV) was Rs.150,000 (i.e., reference price without 12.5% discount). He sold the shares in December 2023 for Rs.330,000. Since Capgemini SE shares are unlisted in India, the tax payable by Sameer would be @ 20% of the long-term capital gains (after the indexation benefit).

Calculation of Capital Gains (after Indexation benefit):

The purchase price (after indexation benefit) will be[18] **150,000 x 348[19] / 280[20] = Rs.186,429**

Capital gains earned by Sameer (after indexation) will be **Rs.143,571**, as per the following calculation:

Sale value – (Indexed cost of interest paid on loan at subscription, if any[21] + Indexed FMV of shares at subscription as cost of acquisition) **= Rs.330,000 – 186,429 = Rs.143,571.**

**Therefore, Long-term Capital Gains tax @ 20% (after indexation) = Rs.143,571 x 20 / 100 = Rs.28,714, plus applicable surcharge & health & education cess.**

**B. Short–Term Capital Gains**

Sameer is a salaried employee of Capgemini India. In December 2023, he subscribed to ESOP 2023; Due to an early exit event, Sameer sold the shares in July 2025, i.e. after holding for fewer than 24 months. Hence, the units under ESOP 2023 would be treated as short-term capital assets and capital gain, if any, earned would be taxed as short-term capital gains.

In this case, the income from the sale of the shares will be added to his regular income of Sameer and taxed according to the slab rates applicable (based on his total taxable income), plus the applicable surcharge and health and education cess.

## VII. Tax or social security charges that may be applied if my assets are transferred from the "ESOP LEVERAGE P 2023" compartment to another compartment if I do not immediately choose to redeem my investment upon the expiry of the lock-up period?

Ordinarily, there is no difference in taxation regardless of whether the units are redeemed for units of another FCPE compartment or in cash. Long-term capital gains tax would get attracted on any profit or gain arising at the time of such redemption/switch for units of another FCPE. Please refer to the above illustration for tax computation arising from the switch of units.

In the case of redemption for cash, the redemption price would be treated as the sale consideration to calculate the long-term capital gains tax. However, in case of redemption/ switch to units of another FCPE, the value of the switched units as of the switching date shall be treated as the sale consideration.

Switching units of Leverage offer to another FCPE compartment would be considered a redemption from Leveraged and a new purchase in the other FCPE and is likely to have tax implications (capital gains) for you. Since you will switch from Leveraged, capital gains will be treated as long-term capital gains and taxed at 20% (after indexation benefit), plus the applicable surcharge and health and education cess.

*[18] The formula to check the indexed purchase price of the asset is: Cost of purchase multiplied by CII of the year of sale divided by CII of the year of purchase (CII = Cost Inflation Index).*
*[19] Government of India's Cost Inflation Index for FY 2023-24.*
*[20] Government of India's Cost Inflation Index for FY 2018-19.*
*[21] Please consult your tax advisor before claiming a deduction.*

**Subsequent sale of units held in switched into FCPE (of units switched from Leveraged to another FCPE compartment after the lock-up period):**

Any profit or gain arising from redemption/sale of the units in the switched into an FCPE compartment would be chargeable to income tax under the head "Capital Gains". The difference between the sale consideration and the price of the units at switching[22] can be described as capital gain/loss. Thus, if the selling price is higher than the price at which the units were switched into another FCPE, it would result in a capital gain, and when the selling price is lower than the switching price, it will lead to capital loss. In other words, capital gains will be computed by reducing the value of the units at the time of switching as the acquisition cost from the sale consideration.

The nature of capital gain, i.e., long-term or short-term, would depend on the holding period of units. For example, if units in another FCPE are held for a period exceeding twenty-four (24) months, the capital gain will be treated as long-term; otherwise (i.e., held for twenty-four (24) months or less), capital gain would be treated as short-term in nature. The holding period will be calculated from the switching date up to the date of sale.

Long-term and short-term capital gains are taxed differently. The present tax rate for long-term capital gains is 20% (after indexation of acquisition cost), plus applicable surcharge and health and education cess. On the other hand, the short-term capital gains are taxed as per your applicable slab-wise income tax rate based on your total taxable income.

**INCOME-TAX SLAB RATES**

Income tax is levied on the income earned by all individuals as per the Income-tax Act of 1961. The tax is assessed per the slab system if their income is above the minimum threshold (known as the basic exemption limit).

## INCOME TAX SLABS & RATES FOR AY 2024-25 (FY 2023-24)
## (Individuals less than 60 years)

Effective financial year 2020-21, the Government of India announced an alternative method of levying taxes allowing individual taxpayers to choose between two tax regimes - the old tax regime and the new, concessional one. The old tax regime allowed the taxpayer to continue with existing tax exemptions, such as house rent allowance, leave travel allowance and deductions under different sections of the Income-tax Act[23]. While those opting for the new tax regime would pay taxes at lower rates, they would have to forego most tax exemptions and deductions under the Income-tax Act . The Finance Act 2023 proposed the new tax regime to be a default regime, with the option to choose the old regime and has changed the number of income tax slabs applicable to the new tax regime for FY 2023-24, along with an increase in the tax exemption limit. These changes are, however, not applicable to the old tax regime for FY 2023-24. After these changes, the comparison of the **Old Tax Regime** (taxpayer aged less than 60 years) vs **New Tax Regime** slab rates for FY 2023-24 (AY 2024-25) is as follows:

| Income Tax Slab | New Tax Regime Slab Rates | Old Tax Regime Slab Rates |
|---|---|---|
| **Rs.0 – 250,000** | *No Tax* | *No Tax* |
| **Rs.250,001 to Rs.300,000** | - | *5% of total income exceeding Rs.250,000* |
| **Rs.300,001 to Rs.500,000** | *5% of total income exceeding Rs.300,000* | |
| **Rs.500,001 to Rs.600,000** | | *is.12,500 + 20% of total income exceeding Rs.500,000* |
| **Rs.600,001 to Rs.900,000** | *Rs.15,000 + 10% of total income exceeding Rs.600,000* | |
| | | *Rs.32,500 + 20% of total income exceeding Rs.600,000* |
| **Rs.900,001 to Rs.1,000,000** | *Rs.45,000 + 15% of total income exceeding Rs.900,000* | - |
| **Rs.1,000,001 to Rs.1,200,000** | - | *Rs.112,500 + 30% of total income exceeding Rs.1,000,000* |
| **Rs.1,200,001 to Rs.1,500,000** | *Rs.90,000 + 20% of total income exceeding Rs.1,200,000* | *Rs.187,500 + 30% of total income exceeding Rs.1,200,000* |
| **Above Rs.1,500,000** | *1Rs.150,000 + 30% of total income exceeding Rs.1,500,000* | *Rs.262,500 + 30% of total income exceeding Rs.1,500,000* |

*[22] Price of the units (in €) at the time of switching would be communicated to you.*
*[23] Illustrative list of exemptions/deductions that a taxpayer may have to give up while choosing the new tax regime:- Leave travel allowance, house rent allowance, conveyance, daily expenses in the course of employment, relocation allowance, helper allowance, children education allowance, other special allowances (section 10(14), standard deduction, professional tax, interest on housing loan (section 24), chapter VI-A deductions (sections 80C, 80D, 80E and so on, except section 80CCD(2) and 80JJA).*

Notes:

1. The basic exemption limit is Rs.250,000 (old regime) / Rs.300,000 (new regime) for every individual below 60; the New tax regime slab rates are not differentiated based on the age group. However, under the old tax regime, the basic income threshold exempt from tax for senior citizens (aged 60 to 80) and super senior citizens (aged above 80) is Rs.300,000 and Rs.500,000, respectively.
2. Surcharge @10% of such income-tax if a person has a total income exceeding Rs.5 million but up to Rs.10 million.
3. Surcharge @15% of such income tax if a person has a total income exceeding Rs.10 million but up to Rs.20 million.
4. Surcharge @25% of such income tax if a person has a total income exceeding Rs.20 million
5. Health and Education Cess is at 4% on the amount of income tax and surcharge.
6. Following are the thresholds and the rates of surcharge and Maximum marginal tax rate (MMR) applicable in the case of Individuals having income:

| Total Income | Old Tax Regime | New Tax Regime |
|---|---|---|
| | Rate of Surcharge / MMR | |
| *Up to Rs.5 million* | *Nil* | *Nil* |
| *Between Rs.5 to 10 million* | *10% / 34.32% (MMR)* | *10% /34.32% (MMR)* |
| *Between Rs.10 to 20 million* | *15% / 35.88% (MMR)* | *15% / 35.88% (MMR)* |
| *Between Rs.20 to 50 million* | *25% / 39.00% (MMR)* | *25% / 39.00% (MMR)* |
| *Above Rs.50 million* | *37% / 42.74% (MMR)* | *25% /39% (MMR)* |

Notes:

The maximum amount of surcharge that can be levied on the tax payable by an individual has been limited to 25% under the new tax regime (as per Budget 2023)

7. The standard deduction offered under Section 16 of the Income-tax Act is a flat deduction of Rs.50,000 on the taxable income of salaried employees, irrespective of their earnings. From 1st April 2023, the benefit of the standard deduction of Rs.50,000 is also applicable to the new tax regime.
8. The new tax regime has been made the default personal tax structure though taxpayers can still opt for the old tax regime. The new tax regime is optional and will co-exist with the old tax regime with three slabs and various exemptions and deductions available to the taxpayer. Any individual opting to be taxed under the new tax regime from FY 2020-21 onwards must give up certain exemptions and deductions. On the other hand, individuals opting for the old tax regime will continue to pay tax on their income in FY 2023-24, the same as FY 2019-20.
9. In case the taxable income of a resident individual is below Rs.700,000, the tax payable shall be nil on account of tax relief u/s 87A of the Income Tax Act, 1961, if opting for the new tax regime. In other words, a resident individual (whose net income does not exceed Rs.700,000) can avail of a rebate u/s 87A of the Income Tax Act, 1961). The same is deductible from income tax before calculating the education cess. Effectively, this would mean that individual taxpayers with a net taxable income of up to Rs.700,000 will continue to pay zero tax under the new regime.

Please note that the above tax rates may change as tax rates are fixed by the Finance Act of the assessment year in which the disposal/redemption occuRs.

**•Time and method of payment of tax**

Share price discount available at subscription will be subject to taxation as a perquisite in your hands. Employer will withhold tax at the rate applicable to you and remit the withheld tax to the authorities.

Liability to pay tax on dividends and capital gains tax vests with you, and your Employer will not be liable to withhold tax or pay the same. You will pay the income tax when filing your income tax return pertaining to each financial year by the due dates mentioned in the Income-tax Act, 1961. Advance tax is paid in instalments. For the Financial Year 2023-24, instalments are due on June 15, September 15, December 15 and March 15. Advance tax rules require that your tax dues (estimated for the whole year) be paid in advance. While your Employer deducts tax at source at subscription, you may have to deposit advance tax if you have earned dividends or capital gains. By March 15, 100% of your taxes must be paid. Non-payment or delayed payment of advance tax may result in the levy of penal interest. However, it may be hard to estimate tax on capital gains and deposit advance tax in the first few instalments if the sale occurs later in the year. Therefore, when advance tax instalments are paid, no penal interest is charged when the instalment is short due to capital gains. The remaining instalment(s) (after the sale of shares) of advance tax, whenever due, must include the tax on capital gains. Please consult your tax advisor regarding the tax consequences.