

EMPLOYEE STOCK OPTIONS:

Public Company Employees/Non-CCPC Employees	CCPC Employees
<p>Report taxable employment benefit when the options are exercised</p> <ul style="list-style-type: none"> ○ Non-CCPC and Public Company stock option holders need to pay taxes when they exercise their share options. 	<p>Report taxable employment benefit when shares exercised are ultimately sold</p> <ul style="list-style-type: none"> ○ CCPC Employees do not pay any taxes until the shares are sold.
Employment Benefit and Division C deduction:	Employment Benefit and Division C deduction:
<p>Taxable Employment Benefit = [FMV of the shares on the date the options are exercised] - [option price]</p> <p>DIV C deduction of 50% of the taxable benefit if the following condition is met:</p> <ul style="list-style-type: none"> • Option <u>not in the money</u> at grant date <ul style="list-style-type: none"> ➤ “Not in the money” means that the FV of the shares at the grant date is <i>less than or equal</i> to the Exercise Price. <p>The Division C deduction is reported in the same tax year as the taxable employment benefits are reported (i.e. when option is exercised)</p>	<p>Taxable Employment Benefit =[FMV of the shares on the date the options are exercised] - [option price]</p> <p>DIV C deduction of 50% of the taxable benefit if the following condition is met:</p> <ul style="list-style-type: none"> • Option is <u>not in the money</u> at the grant date or • If options are <u>in the money</u> when granted... As long as the employee holds the shares for 24 months after exercising the option. Then you can still get a division C deduction. <p>The Division C deduction is reported in the same tax year as the taxable employment benefits are reported (i.e. when the exercised shares are ultimately sold)</p>
Capital Gains:	Capital Gains:
<p>When the shares are eventually sold:</p> <p>Capital Gain = Proceeds of Disposition – FMV of the Shares on the date the shares were exercised.</p>	<p>Capital Gain = Proceeds of Disposition – FMV of the shares on the date the shares were exercised.</p> <p>Note: for CCPC employees, the capital gains and the taxable benefits are recognized on the same date.</p>