



## Stock Plan Services

# How equity compensation and stock purchase plans are taxed

U.S. tax laws and reporting requirements vary based on your stock plan and what you do with the shares of company stock you receive. The chart below provides a general overview of what taxes apply, when they're withheld, and how they're reported. Please consult a qualified tax advisor about your specific tax situation.

For more information about tax return reporting, including guides to help with filing your income taxes, visit [Fidelity.com/SPSTaxCentral](https://www.fidelity.com/SPSTaxCentral).

### Restricted stock units<sup>†</sup> or restricted stock awards

When tax is triggered	Type of tax	Tax withholding and reporting
Your award vests	Ordinary income and FICA*	<ul style="list-style-type: none"> <li>Your employer withholds these taxes for you.</li> <li>On your W-2, your employer reports the value of your shares as income, along with the amount of taxes withheld.</li> <li>Use the information on your W-2 to complete your tax return.</li> </ul>
You sell your stock	Capital gains	<ul style="list-style-type: none"> <li>Report on your tax return any gain or loss in your shares when you sold them.</li> <li>This information appears in the tax forms you receive from Fidelity.</li> <li>Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li> </ul>

### Restricted stock awards with a section 83(b) election

When tax is triggered	Type of tax	Tax withholding and reporting
Your award is granted	Ordinary income and FICA*	<ul style="list-style-type: none"> <li>Your employer withholds these taxes for you.</li> <li>On your W-2, your employer reports the value of your shares as income, along with the amount of taxes withheld.</li> <li>Use the information on your W-2 to complete your tax return.</li> </ul>
You sell your stock	Capital gains	<ul style="list-style-type: none"> <li>Report on your tax return any gain or loss in your shares when you sold them.</li> <li>This information appears in the tax forms you receive from Fidelity.</li> <li>Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li> </ul>

### Performance units<sup>†</sup> or shares

When tax is triggered	Type of tax	Tax withholding and reporting
Your award pays out	Ordinary income and FICA*	<ul style="list-style-type: none"> <li>Your employer withholds these taxes for you.</li> <li>On your W-2, your employer reports the value of your shares as income, along with the amount of taxes withheld.</li> <li>Use the information on your W-2 to complete your tax return.</li> </ul>
You sell your stock	Capital gains	<ul style="list-style-type: none"> <li>Report on your tax return any gain or loss in your shares when you sold them.</li> <li>This information appears in the tax forms you receive from Fidelity.</li> <li>Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li> </ul>

### Stock options (nonqualified)

When tax is triggered	Type of tax	Tax withholding and reporting
You exercise your options	Ordinary income and FICA*	<ul style="list-style-type: none"> <li>Your employer withholds these taxes for you.</li> <li>On your W-2, your employer reports the difference between the exercise price and the stock price as income, along with the amount of taxes withheld.</li> <li>Use the information on your W-2 to complete your tax return.</li> </ul>
You sell your stock	Capital gains	<ul style="list-style-type: none"> <li>Report on your tax return any gain or loss in your shares when you sold them.</li> <li>This information appears in the tax forms you receive from Fidelity.</li> <li>Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li> </ul>

## Incentive stock options (qualified)

When tax is triggered	Type of tax	Tax withholding and reporting
You exercise your options and sell your stock	Possibly ordinary income, alternative minimum tax (AMT), and capital gains	<ul style="list-style-type: none"><li>• There is no tax withholding.</li><li>• The income when you sell your stock may be fully or partially taxable as ordinary income. When you sell, and at what price, determines the type and amount of tax you owe. Your employer reports any ordinary income on your W-2.</li><li>• AMT may apply when you hold your stock through the calendar year in which you exercise.</li><li>• Report on your tax return any gain or loss in your shares when you sold them. This information appears in the tax forms you receive from Fidelity. Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li></ul>

## Stock appreciation rights

When tax is triggered	Type of tax	Tax withholding and reporting
You exercise your rights	Ordinary income and FICA*	<ul style="list-style-type: none"><li>• Your employer withholds these taxes for you.</li><li>• On your W-2, your employer reports the difference between the exercise price and the stock price as income, along with the amount of taxes withheld.</li><li>• Use the information on your W-2 to complete your tax return.</li></ul>
You sell your stock	Capital gains	<ul style="list-style-type: none"><li>• Report on your tax return any gain or loss in your shares when you sold them.</li><li>• This information appears in the tax forms you receive from Fidelity.</li><li>• Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li></ul>

## Nonqualified employee stock purchase plan (ESPP)

When tax is triggered	Type of tax	Tax withholding and reporting
Your shares are purchased	Ordinary income and FICA*	<ul style="list-style-type: none"><li>• The difference between the current fair market price and the discounted price you paid is considered ordinary income.<sup>††</sup></li><li>• Your employer reports this income on your W-2 and withholds these taxes for you.</li></ul>
You sell your stock	Capital gains	<ul style="list-style-type: none"><li>• Report on your tax return any gain or loss in your shares when you sold them.</li><li>• This information appears in the tax forms you receive from Fidelity.</li><li>• Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li></ul>

## Tax-qualified employee stock purchase plan (ESPP)

When tax is triggered	Type of tax	Tax withholding and reporting
You sell your stock	Ordinary income and capital gains	<ul style="list-style-type: none"><li>• There is no tax withholding.</li><li>• Your employer generally reports ordinary income on your W-2. If not, you are required to report it when you file your income tax return.</li><li>• Report on your tax return any gain or loss in your shares when you sold them. This information appears in the tax forms you receive from Fidelity. Use Fidelity's <a href="#">tax guide</a> for help understanding your tax-reporting requirements.</li></ul>

\*FICA includes Social Security (up to the annual maximum) and Medicare taxes.

<sup>†</sup>Assumes shares are delivered at vesting and not further deferred under a nonqualified deferred compensation plan. With proper deferral, ordinary income is delayed until later.

<sup>††</sup>With share match, the value of those shares is considered ordinary income.

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