

Japan - Tax Guide

Employee Share Purchase Plan

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1. Introduction

The following is a summary of the tax treatment of an award made to you by Seagate Technology Holdings PLC under the Employee Share Purchase Plan (the "Plan"). This summary assumes that you have been resident in Japan during the lifecycle of the award.

The tax treatment as explained herein is intended as a guide only. It is limited to a general description of the national tax laws, and is not intended to address city, regional, or other local tax laws that may be applicable to you. It may not apply to your particular tax or financial situation, and we are not in a position to assure you of any particular tax result. Therefore, we recommend that you consult with your own independent tax advisor regularly to determine the consequences of taking or not taking any action concerning your shares, and to determine how the tax or other laws in Japan apply to your specific situation. This information was last reviewed in December, 2025.

2. Overview

Award

- It allows you to purchase Seagate Technology Holdings PLC shares at a discount.
- You are **not subject to taxation on equity** at this point.

Purchase

- You will **be subject to tax** at this point.
- Nippon Seagate Inc. withholds the applicable income tax through payroll and remits it to the tax office on behalf of the employee.
- You are **not responsible for reporting the income** at the time of "Purchase"

Sale

- The date you sell Seagate Technology Holdings PLC shares.
- This event may generate additional income known as Capital Gain (CG), or a loss.
- If there is a **Capital Gain** on the sale of shares, tax is due in the tax year of sale.
- You are responsible for calculating the tax and reporting this capital gain.

3. Tax Treatment

	Award	Purchase	Sale
Income tax / Capital gains tax	No	Income tax payable at rates up	Capital gains tax payable at a

		to 55.945% (withheld via payroll)	flat rate of 20.315%.
Employee social tax	No	No	No
Employer's social tax	No	No	No
Income tax withholding	No	Yes -withheld by Nippon Seagate	No
Employee tax reporting	No	No	Yes
Employer tax reporting	No	No	No
Tax return deadline	By March 15 of the following tax year		
What documents do I need for my taxes	N/A	N/A	the Kakutei Shinkoku Sho (individual income tax return)
Foreign asset reporting	<p>You should report any foreign assets above JPY 50,000,000 to the National Tax Agency of Japan (on Form Overseas Assets Reporting) by June 30.</p> <p>The reporting requirement applies to foreign nationals who are currently tax residents and have had a domicile in Japan for more than 5 years in the preceding 10 years, as well as those Japanese nationals. Foreign assets include any assets held by a Japanese resident located outside of Japan that have an economic value even if they have been awarded or acquired outside of Japan. Unvested awards do not need to be included in the report. This filing should be completed even if no individual income tax return is filed.</p>		

Income tax - The rates set out in this guide are marginal rates. In the event that you are required to pay income tax on the value of your award, the amount of income tax you pay will depend on your marginal tax rate. Generally, the more you earn, the higher your marginal income tax rate.

4. Will I pay tax when I am granted an award under the ESPP?

You will not have to pay any tax when you are granted a right to acquire shares under the ESPP.

5. Will I pay tax when I receive my shares?

Income Taxes

When the shares are purchased, income tax is imposed on the difference between the purchase date and the fair market value of the shares, at rates of up to 55.945%.

For Japan, Nippon Seagate Inc. withholds the applicable tax through payroll at the time of "Purchase" and remits it to the tax office on behalf of the employee. Accordingly, employees are not generally required to separately report the income themselves.

Income tax is charged at progressive rates of up to 45%. An additional Earthquake Restoration surtax (rate of 2.1%) will be applied to the applicable income tax. The effective surtax on the 45% income tax rate is therefore 0.945% (45% * 2.1%). In addition, local taxes (up to 10%) may apply. The resulting maximum tax rate is 55.945%.

If the amount calculated by multiplying the base income amount minus JPY 330 million by the tax rate of 22.5% exceeds the amount of tax due, additional income tax equivalent to the amount of such excess is imposed (applicable to income tax for 2025 and onward). Base income amount means the amount calculated by deducting the amounts relevant to the carryover of loss and special deduction for capital gains (from real estate, etc.) from the sum of incomes including the amount, the payment of which is completed by only withholding.

Social Taxes

You will not be required to pay any social taxes.

Payment Method

The local company will not withhold income tax on the award and it will be your duty to report and pay income tax due under the ESPP in your tax return.

6. How will any benefits under the ESPP be reported?

Any income tax due on purchase of the shares to the tax authorities in the annual tax return, due by March 15.

You will also report gains tax due on the sale of shares in the Kakutei Shinkoku Sho (individual income tax return) to the tax authorities by March 15 of the following year.

7. Will I have to pay any tax on any dividends paid on the shares?

A dividend is a right to participate in the company's profits, at the discretion of the board of directors.

Any dividends you receive will be taxed at a rate of 20.315%.

The employee may elect to be taxed at a flat rate of 20.315% on dividends paid on listed shares. Otherwise, progressive rates of up to 55.945% (including a 10% local inhabitants' tax and a 2.1% surtax on national tax) will apply.

8. Will I pay any tax when I sell my shares?

As the calculation of capital gains can be complex and may be subject to certain exemptions, we recommend that you consult your personal financial/tax advisor.

If the sale price of your shares is higher than their cost basis (broadly, the cost basis is equal to the fair market value of the shares at the time of purchase), the difference will be taxable as a capital gain, at a rate of 20.315%. If the sale price is lower than the cost basis of the shares, you may realize a capital loss.

The capital gains rate includes a 2.1% surtax on national tax.

When you sell your shares, the local company will not withhold any taxes on the gains. You should report any gain or loss arising in your tax return for the tax year in which the sale took place.

9. Additional Information

Social security

Whether social security is payable on share benefits in Japan is not free from doubt. It is generally accepted that shares are not classified as wages or bonus, and therefore social security contributions are not due.

However, it is likely that social security will be payable if the benefit is paid through the local company and is classified as the employee's wage or bonus. If social insurance is payable, the employer has a withholding obligation for the employee's portion.

Local advice may need to be obtained.

Exit tax

Individuals leaving Japan are subject to an exit tax based on a mark-to-market assessment of certain financial assets. Specifically, capital gains tax will be imposed on any resulting deemed gains for certain residents of Japan moving abroad or on certain financial assets transferred abroad. Effective July 1, 2020, the exit tax rules also apply to foreign national residents holding "Table 2" visas (e.g., permanent resident visa).

The exit tax applies to individuals holding qualifying financial assets with an aggregate value of at least JPY 100 million and maintained an address or habitual residence in Japan (a *jusho* or *kyosho*) for at least 5 years in the 10-year period preceding their departure from Japan.

Shares acquired under employee share plans, among other financial assets, are subject to exit tax. However, unexercised stock options and unvested restricted stock or restricted stock unit awards which generate Japanese sourced income at the time of exercise or vesting are not subject to the exit tax.

If a tax administrator is appointed prior to the individual's departure date, financial assets will be taxed as if capital gains were realized at the time of departure from Japan. If a tax administrator is not appointed before departure, the exit tax will have to be settled by the departure date, using the asset valuation date of 3 months prior to the departure date. The exit tax rate is applied at the same as the general capital gains tax rate (i.e., 15.315%), without applying local inhabitant's tax.

Exchange Control issues

You should report any inbound transfer of more than JPY 100 million to the Ministry of Finance (via the Bank of Japan).

You should report any inbound or outbound transfer of more than JPY 30 million to the Ministry of Finance (via the Bank of Japan).

Foreign asset reporting

You are required to report any cash or share accounts held in a foreign institution where the value of the asset is more than JPY 50,000,000. The information must be submitted to the National Tax Agency of Japan (on Form Overseas Assets Reporting) by June 30.

The reporting requirement applies to foreign nationals who are currently tax residents and have had a domicile in Japan for more than 5 years in the preceding 10 years, as well as those Japanese nationals. Foreign assets include any assets held by a Japanese resident located outside of Japan that have an economic value even if they have been awarded or acquired outside of Japan. Unvested awards do not need to be included in the report. This filing should be completed even if no individual income tax return is filed.

10. Sample tax calculation

This illustrative example assumes the following:

- Purchase price of USD 70.

- An income tax rate of 55.945%.
- Capital Gains Tax of 20.315%.
- This example does not take into account any annual Capital Gains Tax (CGT) exemptions which may be available.
- Tax calculation is based on the currency in which the shares are traded and any subsequent currency conversion has not been applied.

Tax implications

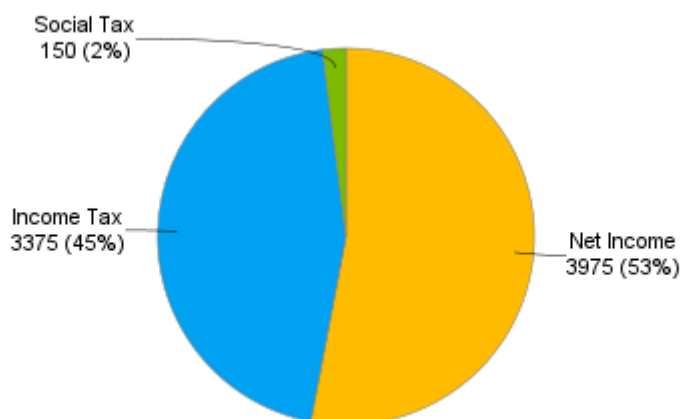
Award

No taxes due.

Purchase

Number of Shares Purchased	100
Purchase Price	USD 70
Fair Market Value (FMV) of the shares on Purchase	USD 80
Taxable Income (100 x USD 80) - (100 x USD 70)	USD 1,000
<u>Income Tax Payable by you (USD 1,000 x 55.945%)</u>	<u>USD 559.45</u>
Net Income (USD 1,000 - USD 559.45)	USD 440.55

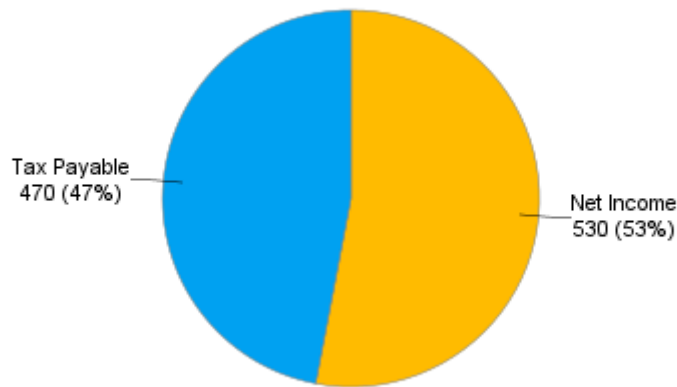
Vesting



Sale

Number of shares sold	100
Fair Market Value (FMV) of the shares on sale	USD 85
Sale Proceeds (100 x USD 85)	USD 8,500
Less: Acquisition Costs	
Amount previously taxed	USD 8,000
Capital Gain	USD 500
<u>Tax Payable (USD 500 x 20.315%)</u>	<u>USD 101.58</u>
Net Income (USD 500 - USD 101.58)	USD 398.42

Sale



** Please note the above is for information purposes only. Transaction fees may also apply and are not included.*

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