Kingfisher Employee Tax Guide

The 1 + 1 Sharing in Our Future Plan
Employee Tax Information - United Kingdom

When you participate in the 1 + 1 Sharing in Our Future Plan there are tax consequences. The purpose of this note is to provide you with some information about the tax position in the country in which you work.

Your Purchased Shares

Whilst it is very important that you read all the details below, in overview it is unlikely that you will have to take any actions in respect of the taxation of your Purchased Shares unless you:

- sell other assets in the tax year when you sell your Purchased Shares and realise capital gains exceeding £12,300 (2022/23 tax year) and/or
- receive proceeds from selling assets exceeding £49,200 (2022/23 tax year).

Date	Action	Any tax consequences for you?
By 20 November 2020	Joining the Plan	**No**
January 2021 to June 2021	Payroll deductions made	**No** Deductions are made from your pay that has already been taxed.
July 2021	Buying your Purchased Shares	**No** Your shares are purchased at their full market value.
Anytime	Selling your Purchased Shares	**Yes, possibly** When you sell your Purchased Shares, you may be required to pay Capital Gains Tax ("CGT") in the tax year of sale. Whether you need to pay CGT depends on how much any gain is. If your total capital gains (i.e. including any taxable gains on others shares or assets) are less than £12,300 (for the 2022/23 tax year) then you do not need to pay any CGT. In addition, you will not need to provide any details on your Self-Assessment Tax return, if you usually complete one, unless your total proceeds from all capital disposals exceed £49,200 (for the 2022/23 tax year). The calculation of any capital gain on your shares depends on whether you hold other Kingfisher shares at the time you sell your Purchased Shares, or acquire more Kingfisher shares within 30 days of selling your Purchased Shares: *(a) If you do not hold any other Kingfisher shares when you sell your Purchased Shares, and do not acquire more Kingfisher shares within 30 days of selling your Purchased Shares:* The capital gain is calculated as the sales proceeds you receive for the Purchased Shares you sell (after deducting any commission/fees) less the 'base cost' of the shares which is the price at which your Purchased Shares were acquired and you will see that [ref to Equate account]. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time' Capital Gains Tax Service or by filing a Self-Assessment Tax Return. *(b) If you hold other Kingfisher shares when you sell your Purchased Shares, or acquire more Kingfisher shares within 30 days of selling your Purchased Shares:*

		The capital gain is calculated as the sales proceeds you receive for the Purchased Shares you sell (after deducting any commission/fees) less the ‘base cost’. When you hold other Kingfisher shares (e.g. your Matching Shares after July 2022) or Kingfisher shares you have acquired at different times (including within 30 days of selling your Purchased Shares) then there are complex share matching rules that apply when calculating the “base cost” of your shares in the CGT calculation. You should seek advice from your tax advisor if you have any questions on these rules. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time’ Capital Gains Tax Service or by filing a Self-Assessment Tax Return.

Your Matching Shares

Whilst it is very important that you read all the details below, in overview it is unlikely that you will have to take any actions in respect of the taxation of your Matching Shares unless you:

- sell other assets in the tax year when you sell your Matching Shares and realise gains exceeding £12,300 (2022/23 tax year) and/or
- receive proceeds from selling assets exceeding £49,200 (2022/23 tax year).

Date	Action	Any tax consequences for you?
July 2021	Award of Matching Shares	**No**
July 2022	Ownership of Matching Shares transferred to you	**Yes** You will be subject to income tax and social security at your marginal rates on the market value of your Matching Shares when ownership of them transfers to you in July 2022. Your employer is required to withhold the income tax and social security due via payroll. To do this, your employer will sell enough of your Matching Shares at vesting to cover the taxes due. The amounts will be processed through payroll and any small adjustments made to ensure you have paid the right amount of tax. The taxes will be paid to the tax authorities on your behalf so that you should not have to take any action. If you are required to file a UK Self-Assessment tax return, the figures from your P60 that your employer provides to you for the relevant tax year will include the income under the Plan. Your tax return must be filed by 31 October after the end of the tax year if filing a paper return, or by the following 31 January if filing electronically.
After July 2022	Selling your Matching Shares	**Yes, possibly** When you sell your Matching Shares, you may be required to pay Capital Gains Tax ("CGT") in the tax year of sale. Whether you need to pay CGT depends on how much any gain is. If your total capital gains (i.e. including any taxable gains on others shares or assets) are less than £12,300 (for the 2022/23 tax year) then you do not need to pay any CGT. In addition, you will not need to provide any details on your Self-Assessment Tax return, if you usually complete one, unless your total proceeds from all capital disposals exceed £49,200 (for the 2022/23 tax year). The capital gain on your shares depends on whether you hold any other Kingfisher shares at the time you sell your Matching Shares, or acquire more Kingfisher shares within 30 days of selling your Matching Shares: *(a) If you do not hold any other Kingfisher shares when you sell your Matching Shares, and do not acquire more Kingfisher shares within 30 days of selling your Matching Shares:* The capital gain is calculated as the sales proceeds you receive for your Matching Shares you sell (after deducting any commission/fees) less the 'base cost' of the shares which is the market value of the shares when they are transferred to you in July 2024. This value will be [signpost to Equate account]. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time' Capital Gains Tax Service or by filing a Self-Assessment Tax Return. *(b) If you hold other Kingfisher shares when you sell your Matching Shares, or acquire more Kingfisher shares within 30 days of selling your Matching Shares:* The capital gain is calculated as the sales proceeds you receive for the Matching Shares you sell (after deducting any commission/fees) less the 'base cost'. When you hold other Kingfisher shares (e.g. your Purchased Shares) or Kingfisher shares you have acquired at different times (including within 30 days of selling your Matching

		Shares) then there are complex share matching rules that apply when calculating the "base cost" of your shares in the CGT calculation. You should seek advice from your tax advisor if you have any questions on these rules. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time' Capital Gains Tax Service or by filing a Self-Assessment Tax Return.

Your Dividend Purchased Shares

Whilst it is very important that you read all the details below, in overview it is unlikely that you will have to take any actions in respect of the taxation of your Dividend Purchased Shares unless you:

- earn dividends on your Kingfisher shares or any other shares you own that exceed £2,000 (in the 2022/23 tax year) and/or
- sell other assets in the tax year when you sell your Dividend Purchased Shares and realise gains exceeding £12,300 (2022/23 tax year) and/or
- receive proceeds from selling assets exceeding £49,200 (2022/23 tax year).

Date	Action	Any tax consequences for you?
Between July 2021 and July 2022	Award of Dividend Purchased Shares	**Yes, possibly** The value of dividends which are reinvested into Dividend Purchased Shares will be subject to dividend tax at the point of reinvestment. Under current rules for the 2022/23 tax year, no tax is payable on the first £2,000 of dividends you receive in a tax year. If your dividends are more than £2,000 but up to £10,000, and you do not already file a Self-Assessment Tax Return, you can ask HMRC to change your tax code so that the tax due can be taken from your pay. If you don't do this, you will need to file a Self-Assessment Tax Return to declare the dividends. If your dividends are in excess of £10,000, these will need to be declared in your Self-Assessment Tax Return for the tax year in which the dividends are reinvested.
After July 2022	Future dividend payments	**Yes** Dividends received in cash after July 2022 are subject to dividend tax at the point the dividend is paid to you. Under current rules for the 2022/23 tax year, no tax is payable on the first £2,000 of dividends you receive in a tax year. If your dividends are more than £2,000 but up to £10,000, and you do not already file a Self-Assessment Tax Return, you can ask HMRC to change your tax code so that the tax due can be taken from your pay. If you don't do this, you will need to file a Self-Assessment Tax Return to declare the dividends. If your dividends are in excess of £10,000, these will need to be declared in your Self-Assessment Tax Return for the tax year in which the dividends are paid.
Anytime	Sale of Dividend Purchased Shares	**Yes, possibly** When you sell your Dividend Purchased Shares, you may be required to pay Capital Gains Tax ("CGT") in the tax year of sale. Whether you need to pay CGT depends on how much any gain is. If your total capital gains (i.e. including any taxable gains on others shares or assets) are less than £12,300 (for the 2022/23 tax year) then you do not need to pay any CGT. In addition, you will not need to provide any details on your Self-Assessment Tax return, if you usually complete one, unless your total proceeds from all capital disposals exceed (£49,200 for the 2022/23 tax year. The calculation of any capital gain on your Dividend Purchased Shares depends on whether you hold other Kingfisher shares at the time you sell your Dividend Purchased Shares, or acquire more Kingfisher shares within 30 days of selling your Dividend Purchased Shares: *(a) If you do not hold any other Kingfisher shares when you sell your Dividend Purchased Shares, and do not acquire more Kingfisher shares within 30 days of selling your Dividend Purchased Shares:* The capital gain is calculated as the sales proceeds you receive for the Dividend Purchased Shares you sell (after deducting any commission/fees) less the 'base cost' of the shares which is the price at which your Dividend Purchased Shares were acquired and you will see that [ref to Equate account]. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time' Capital

		Gains Tax Service or by filing a Self-Assessment Tax Return. *(b) If you hold other Kingfisher shares when you sell your Dividend Purchased Shares, or acquire more Kingfisher shares within 30 days of selling your Dividend Purchased Shares:* The capital gain is calculated as the sales proceeds you receive for the Dividend Purchased Shares you sell (after deducting any commission/fees) less the ‘base cost’. When you hold other Kingfisher shares (e.g. your Purchased Shares) or Kingfisher shares you have acquired at different times (including within 30 days of selling your Dividend Purchased Shares) then there are complex share matching rules that apply when calculating the “base cost” of your shares in the CGT calculation. You should seek advice from your tax advisor if you have any questions on these rules. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time’ Capital Gains Tax Service or by filing a Self-Assessment Tax Return.

Your Dividend Matching Shares

Whilst it is very important that you read all the details below, in overview it is unlikely that you will have to take any actions in respect of the taxation of your Dividend Matching Shares unless you:

- sell other assets in the tax year when you sell your Dividend Matching Shares and realise gains exceeding £12,300 (2022/23 tax year) and/or
- receive proceeds from selling assets exceeding £49,200 (2022/23 tax year).

Date	Action	Any tax consequences for you?
Between July 2021 and July 2022	Award of Dividend Matching Shares	**No** No tax is due when you receive Dividend Matching Shares.
July 2022	Ownership of Dividend Matching Shares	**Yes** Income tax and employee social security will be due on the additional Dividend Matching Shares when ownership of the shares transfers to you in July 2022. Your employer is required to withhold the income tax and social security due on your Matching Shares via payroll. To do this, your employer will sell enough of your Matching Shares at vesting to cover the taxes due. The amounts will be processed through payroll and any small adjustments made to ensure you have paid the right amount of tax. The taxes will be paid to the tax authorities on your behalf so that you should not have to take any action. If you are required to file a UK Self-Assessment tax return, the figures from your P60 provided to you by your employer for the relevant tax year will include the income under the Plan. The tax return must be filed by 31 October after the end of the tax year if filing a paper return, or by the following 31 January if filing electronically.
After July 2022	Selling your Dividend Matching Shares	**Yes, possibly** When you sell your Dividend Matching Shares, you may be required to pay Capital Gains Tax (“CGT”) in the tax year of sale. Whether you need to pay CGT depends on how much of a gain you make. If your total capital gains (i.e. including any taxable gains on others shares or assets) are less than £12,300 (for the 2022/23 tax year) then you do not need to pay any CGT. In addition, you will not need to provide any details on your Self-Assessment Tax return, if you usually complete one, unless your total proceeds from all capital disposals exceed £49,200 (for the 2022/23 tax year). The capital gain on your shares depends on whether you hold any other Kingfisher shares at the time you sell your Dividend Matching Shares, or acquire more Kingfisher shares within 30 days of selling your Dividend Matching Shares: *(a) If you do not hold any other Kingfisher shares when you sell your Dividend Matching Shares, and do not acquire more Kingfisher shares within 30 days of selling your Dividend Matching Shares :* The capital gain is calculated as the sales proceeds you receive for your Dividend Matching Shares you sell (after deducting any commission/fees) less the ‘base cost’ of the shares which is the market value of the shares when they are transferred to you in July 2022. This value will be [signpost to Equate account]. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time’ Capital Gains Tax Service or by filing a Self-Assessment Tax Return. *(b) If you hold other Kingfisher shares when you sell your Dividend Matching Shares, or acquire more Kingfisher shares within 30 days of selling your Dividend Matching Shares:* The capital gain is calculated as the sales proceeds you receive for the Dividend Matching Shares you sell (after deducting any commission/fees) less the ‘base cost’. When you hold other Kingfisher shares (e.g. your Purchased Shares) or Kingfisher

		shares you have acquired at different times (including within 30 days of selling your Dividend Matching Shares) then there are complex share matching rules that apply when calculating the “base cost” of your shares in the CGT calculation. You should seek advice from your tax advisor if you have any questions on these rules. If your capital gain is more than £12,300 (for the 2022/23 tax year) then you will need to pay capital gains tax on the gain by reporting it either by using the real time’ Capital Gains Tax Service or by filing a Self-Assessment Tax Return.

Important information

The information in this document assumes that you remain employed by Kingfisher and that you are resident and domiciled in the UK for taxation purposes during the period of your award under the Plan.

If you are an internationally mobile employee and/or have transferred countries in this period, you may be subject to tax in more than one country and you may have reporting obligations in more than one country.

Further details regarding the treatment for leavers will be provided at the relevant time.

The information in this document is based on prevailing tax law and practice as at May 2022 and may be subject to change. Your taxation depends on your personal circumstances. Accordingly, you should seek your own tax advice if you are in any doubt about your own tax position.