

# Irish Salary Foregone Scheme 2017

Welcome to the launch of this year's Salary Foregone Scheme. Salary Foregone is a Revenue approved employee share plan linked to the Profit sharing Scheme which allows you to forego an element of pay to purchase additional Diageo shares. Full income Tax relief is allowed on the amount of pay foregone. However, any shares awarded under an Approved Profit Sharing Scheme (including shares awarded as part of a Salary Foregone arrangement) will be liable to Pay Related Social Insurance (PRSI) and Universal Social Charge (USC). Salary Foregone deductions will therefore be made free of Income Tax only.

## How does the Scheme work?

- You decide to forego either:
- **a monthly amount by** deduction from gross pay free of income tax only. Deductions are made from February to August;
- OR
- **one lump sum amount from gross pay free of income tax only.**
- The amount accumulated will be used to purchase Diageo plc shares in September. The price per share will be the same as for the Profit sharing Scheme. Any pay foregone in excess of Revenue limits will be refunded net of Tax.
- Shares will be held in Trust for three years under the normal rules of the Profit Sharing scheme.
- Dividends are paid on the shares while they are in Trust.
- You can withdraw from the Scheme at any time before purchase of shares and pay foregone will be returned net of Tax.

## What are the benefits of the Salary Foregone Scheme?

### There are a number of benefits:

- The scheme is tax efficient. Deductions are made from gross pay, free of Income Tax only. **There is an immediate Tax saving.**
- Saving is effortless. Regular deductions are made from your gross monthly pay, free of Income Tax only.
- The scheme is flexible – you can stop saving at any time during the year. If you decide to stop saving you can either leave any money already foregone to purchase shares in September or you can have the money refunded net of Tax.

## IMPORTANT INFORMATION

Shares awarded under an Approved Profit Sharing Scheme are exempt from Income Tax. Any shares awarded under an Approved Profit Sharing Scheme (including shares awarded as part of a Salary Foregone arrangement) will be liable to Pay Related Social Insurance (PRSI) and Universal Social Charge (USC). Salary Foregone deductions will therefore be made free of Income Tax only.

## How do I join the Salary Foregone Scheme?

### • **Joining is easy:**

- Complete the enclosed application form. Decide how much you want to save each month (deductions from February to August) and enter the amount in the box under **Option 1**. If you wish to forego salary in one lump sum enter the amount in the box under **Option 2** and specify the month you wish to make this deduction. If no preference is made the lump sum will be taken from your salary in February 2017. Please ensure that you have adequate salary for your lump sum
- Sign, date and return your application form to the Shares Office using the enclosed reply paid envelope.
- Application forms will be acknowledged by email confirmation to the email address indicated on your application form.

Your application form must be received at this office by

**Monday 30<sup>th</sup> January 2017**

**Deductions from pay will start in February 2017.**

## Revenue Limits

### The Salary Foregone scheme is subject to the following Revenue limits:

- The amount of pay foregone must not exceed the value of shares awarded under the Diageo plc 2006 Irish Profit Sharing Scheme in any tax year.
- The amount contributed must not exceed 7.5% of eligible pay (The actual percentage will however not exceed the Profit share percentage in the same year). The amount contributed together with the value of shares acquired under the Profit Sharing Scheme must not exceed the overall Revenue limit of **€12,700** in any tax year.

For further information on the Salary Foregone Scheme please visit [www.diageoshares.com](http://www.diageoshares.com)

Return your application by Monday 30 Jan 2017

Need help?  
Contact Shares on: (01) 6435438 or (01) 6435683 or email: [the.registrar@diageo.com](mailto:the.registrar@diageo.com)

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