



## GST on Employee Stock Option Plan (ESOP)

[Source: BS](#)

Recently, [Central Board of Indirect Taxes & Customs \(CBIC\)](#) mandated that no [Goods and Services Tax \(GST\)](#) will be levied on **Employee Stock Option Plan (ESOP)** issued by Indian subsidiaries of **Multi-National Companies (MNCs)**.

- Based on recommendations by [GST Council](#), **CBIC** has mandated that, subject to some conditions, **Employee Stock Option Plan (ESOP), Employee Stock Purchase Plan (ESPP), Restricted Stock Unit (RSU)** issued by foreign firms will **not attract GST**.
  - **ESOP** is an employee benefit plan that gives workers ownership interest in the company in the form of shares of stocks.
  - **ESPP** is a plan where employees can purchase company stock directly at a discounted price.
  - **RSU** is a plan where employees get incentives from equity stocks in the future (only after vesting period).
- This will **benefit the likes of Google, Microsoft, Oracle, and Walmart**, as well as a large number of tech companies and other MNCs whose Indian employees **were getting the benefit from ESOP plans**.
- **CBIC** which is a part of the **Department of Revenue** under the Ministry of Finance deals with the tasks of formulation of policy concerning levy and collection of **customs, central excise duties, Central GST (CGST) and Integrated GST (IGST)**.

Read More: [Goods and Services Tax \(GST\)](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/gst-on-employee-stock-option-plan-esop>