



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE



Your reference : DQK/EWN/SAA/10079105-50212909  
Our reference : IITD/R&C/CSL/17/01  
Date : 10 Jul 2017

55 Newton Road  
Tel: 6351 3639

Hewlett Packard Enterprise Company  
c/o Wong & Leow LLC  
8 Marina Boulevard  
#05-01 Marina Bay Financial Centre Tower 1  
Singapore 018981

Attention: Ms Dawn Quek/Mr Enoch Wan/Ms Samantha Tan

Dear Sir/Madam

**RULING REQUEST IN RESPECT OF  
HEWLETT-PACKARD SINGAPORE (SALES) PTE LTD  
HEWLETT-PACKARD ASIA PACIFIC PTE LTD  
HP SERVICES (SINGAPORE) PTD LTD  
HEWLETT PACKARD ENTERPRISE SINGAPORE PTE LTD**

**ADJUSTMENT OF OUTSTANDING/UNVESTED AWARDS**

We refer to your ruling application of 4 Jan 2017 and the additional information provided on your behalf by your tax agent, M/s Wong & Leow LLC via emails dated 26 Apr 2017 and 20 Jun 2017.

2. You have sought our confirmation that the conversion of the outstanding Hewlett Packard Enterprise Company ("HPE") stock options ("Options"), performance-contingent options ("PCSOs"), restricted stock units ("RSUs"), performance-adjusted restricted stock units ("PARSUs"), and dividend equivalent units ("DEUs") hold by Everett entity's employees who exercise employment in Singapore as a result of the spin-off does not give rise to a taxable event to the employees.

3. In connection with your ruling request, your tax agent had represented, among others, that:

- (a) HPE previously offered certain employees who exercise employment in Singapore the right to participate in the HPE 2015 Stock Incentive Plan ("Plan"). Under the Plan, these employees were granted stock options, PCSOs, RSUs, PARSUs and/or DEUs (collectively referred to as "outstanding HPE awards").
- (b) HPE separated its enterprise service business, which would be operated by Everett Spinco, Inc ("Everett"), a wholly-owned subsidiary of HPE. Due to the spin-off, HPE

distributed all of the issued and outstanding shares in Everett pro rata to HPE shareholders on 31 Mar 2017.

- (c) After the spin-off, some of Singapore HPE employees who hold the outstanding and unexercised HPE awards were transferred to E Services Singapore Ptd Ltd, an Everett entity in Singapore (referred to as "Everett employees").
- (d) Pursuant to the spin-off, the outstanding HPE awards of Everett employees were converted into Options, Performance-Contingent Options, Restricted Stock Units, Performance-Adjusted Restricted Stock Units, and/or Dividend Equivalent Units over the shares of Everett common stock (referred to as Everett Options /PCSOs /RSUs /PARSUs and DEUs).
- (e) The conversion of the outstanding HPE awards using the adjustment ratio is to maintain the intrinsic value of the awards immediately before and after the effective time i.e. 1 Apr 2017.
- (f) The Everett employees will not receive any additional or immediate benefits as a result of the conversion.
- (g) Pursuant to Section 5.2(a)(i), 5.2(b)(i), 5.2(c)(i) and 5.2(d)(i) of the Employee Matters Agreement, the Everett Options, PCSOs, RSUs, PARSUs and DEUs will be subject to the same terms and conditions as those applicable to the HPE awards under the Plan immediately prior to the conversion.

4. Having considered all the facts provided and the representations made and the key features of the arrangement described therein, we advise that:

- (a) The conversion of the HPE Options, PCSOs, RSUs, PARSUs and DEUs to Everett Options, PCSOs, RSUs, PARSUs and DEUs does not give rise to a taxable event under section 10(6)(a) of the Singapore Income Tax Act ("ITA") in respect of the Everett employees.
- (b) There are no reporting obligations for all the above-mentioned 4 applicants under section 68(2) and 68(2B) of the ITA arise at the time of the conversion. The reporting obligations arise only when the Everett Options and PCSOs are subsequently exercised, and/or when the Everett RSUs, PARSUs and DEUs subsequently vest.

5. The above rulings are made under Section 108 of ITA (Cap.134, Revised Edition 2014).

6. The above rulings are based on the facts presented to us in the letter referred to in paragraph 1 and on our current interpretation and application of the existing tax law.

7. This advance ruling shall apply in relation to an arrangement as a ruling on a provision of the ITA only if the provision is expressly referred to in the ruling.

8. The above rulings **shall automatically not apply** if:

- (a) The arrangement is materially different from the arrangement identified in the application for the ruling;

- (b) There was a material omission or misrepresentation in, or in connection with, the application for the ruling;
- (c) An assumption about a future event or another matter that is material to the ruling, stated either in this letter or in your application for the ruling, subsequently proves to be incorrect; or
- (d) The Comptroller stipulates a condition in this letter that is not satisfied.

9. In addition, where a provision of the ITA is repealed or amended, the above rulings **shall automatically not apply** from the date of the repeal or amendment to the extent that the repeal or the amendment changes the way the provision applies in the above rulings.

10. The Comptroller may at any time withdraw this advance ruling by notifying you in writing of the withdrawal and the reasons therefore. This advance ruling shall be withdrawn from the date specified in the notice of withdrawal.

11. As the above rulings are based on the specific circumstances of the case, they should not be quoted as a precedent.

12. Our invoice for the additional fee of \$1,705.00 will be sent to you under separate cover. Kindly make the payment to the Inland Revenue Authority of Singapore within 30 days from the date of the invoice.

Yours faithfully



CHUA Siew Lay  
Tax Specialist  
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