
SELECTED US TAX DEVELOPMENTS

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The Canadian Tax Foundation is pleased to welcome Michael J. Miller, a partner with Roberts & Holland LLP in New York, NY, as co-editor of the Selected US Tax Developments feature. Mr. Miller speaks and writes frequently on US tax issues.

We gratefully acknowledge the contribution of Sanford H. Goldberg of Roberts & Holland LLP, New York and Washington, DC, who is retiring as editor of the feature after 24 years.

US TAX CONCERNS RELATING TO STOCK RIGHTS UNDER IRC SECTION 409A (AND TRAPS FOR THE UNWARY US EXECUTIVE)

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Equity incentive arrangements such as stock options and stock appreciation rights are popular among corporate employers and employees worldwide as a means of compensating executives and other employees. However, such arrangements may result in adverse tax treatment of employees who are citizens or permanent residents of the United States if the requirements of, and limitations imposed by, section 409A of the US Internal Revenue Code are not taken into account in structuring and granting the incentives. This article outlines the most salient rules and concerns under section 409A that are generally relevant in this context.

KEYWORDS: BONUSES ■ EMPLOYEES ■ EQUITY ■ EXECUTIVE COMPENSATION ■ STOCK OPTION ■ UNITED STATES

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