

Restricted Stock Unit (RSU)

RSUs are taxed as ordinary income as of the date they become fully vested, using the fair market value of the shares on the date of vesting.

1. No tax impact upon grant
2. Compensation equal to FMV of the shares when transferred upon vest
3. Income and payroll taxes due at time of vest
4. Employee pays with cash or company withholds shares
5. Upon disposition of stock after vesting, change in value is capital gain or loss
6. No Sec. 83(b) election is available – stock is fully vested upon transfer

General tax information is provided here for educational and informational purposes only and does not constitute tax advice. This information should not replace a consultation with a professional tax advisor regarding an individual's specific tax situation.