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Unexpected Risks of Early Exercise Incentive Stock Options

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Companies that permit the grant of early exercise incentive stock options (“ISOs”) do so primarily to limit the impact of the alternative minimum tax (“AMT”). However, due to fairly counterintuitive tax regulations, structuring options in this fashion can expose optionees to negative tax consequences in the event of a disqualifying disposition. Read more about the tax effects of early exercise ISOs and how the tax results compare to alternate structures in our recent eUpdate here: www.dorsey.com/newsresources/publications/client-alerts/2017/04/unexpected-risks-of-early-exercise-isos

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