

25 August 2021

Directors

Market Conduct Division and Individual and Indirect Taxation Division

The Treasury

Langton Crescent

PARKES ACT 2600

To whom it may concern

This submission is in response to the consultation on the proposed changes to regulatory and tax arrangements for employee share schemes. The BCA supports the removal of the cessation of employment taxing point and changes that make it easier to offer employee share schemes.

Employee share schemes help companies incentivise, retain, and motivate their employees. The BCA previously called for tax on cessation of employment to be removed as a deferred taxing point through a joint submission to the Inquiry into the Tax Treatment of Employee Share Schemes (available [here](#)). This change will remove an adverse outcome for individuals and help reduce complexity. Consideration should be given to bringing forward the start date of this change to the announcement date or 1 July 2021. This will help bring forward the benefits of the change.

The BCA joint submission also called for a range of reforms to the tax treatment of employee share schemes for all companies. They include increasing the \$1,000 tax exempt scheme limit, increasing the \$5,000 salary sacrifice limit, and removing the 75 per cent test for share awards to be eligible for a deferred taxing point.

We are happy to discuss these and further reforms to regulatory and tax arrangements for employee share schemes that ensure business is in a strong position to rebound and drive the economic recovery.

Yours sincerely



Jennifer Westacott AO

Chief Executive

Business Council of Australia