

20 July 2009

The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

By Email: economics.sen@aph.gov.au



Dear Sir / Madam

INQUIRY INTO EMPLOYEE SHARE SCHEMES

Thank you for your letter of 3 July 2009 regarding the Senate Economics References Committee *Inquiry into Employee Share Schemes* and your invitation for the Business Council of Australia to make a submission on the matter.

Following the release of the Treasury Consultation Paper on the Reform of the Taxation of Employee Share Schemes in June, the BCA lodged a detailed submission to the government. This submission highlighted the importance of improved reporting requirements and made a number of other suggestions to ensure that the tax treatment of employee share plans is appropriately balanced between encouraging employee involvement in these schemes and ensuring tax compliance.

In the event, the government's final position on the taxation of employee share schemes announced on 1 July 2009 recognised many of the concerns we raised. On the basis of advice received by the BCA, most employee share plans should remain workable under the arrangements that have been proposed. The BCA also notes that the government has committed to a further process of consultation, including on the drafting of the relevant legislation.

For your information, a copy of our submission on the earlier Consultation Paper is attached.

Yours sincerely

Melinda Cilento Deputy Chief Executive