

My apologies for this late submission from the Corporate Tax Association (CTA), which represents the taxation interests of 130 of Australia's largest companies.

While we are gratified about the government's proposal to remove the potential for double taxation in respect of certain employee share schemes, there are concerns that a number of public company schemes could be adversely affected by the prospective application of this measure.

It is clear from the Explanatory Memorandum that the existing law involves a technical anomaly in that part of the gain associated with shares acquired by employee share trusts may be subject to double taxation. A number of these trusts have been in place for many years, and the exercise of options and the granting of shares before 13 May 2008 will still be subject to double taxation.

While tax legislation should as a rule be prospective in application, the CTA submits that double taxation should be seen as the less preferred alternative outcome. We would therefore urge the Committee to recommend an earlier application date. Specifically, Item 15 of the Bill should be amended to provide that Item 14 will apply to CGT events happening after 22 June 1998, which was the commencement date of the provision being amended.

We would greatly appreciate the Committee putting its mind to this belated issue.

Best regards,

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