

Employee Share Schemes

Planning for your company's growth

Who is this for?

Business owners looking to reward valuable staff and drive enterprise value

What is an Employee Share Scheme?

Providing employees the opportunity to purchase shares in their employer's company

What are the tax incentives?

- Start up company:
 - 15% share issue discount
 - Tax deferred share options
- \$1,000 general discount
- Tax deferred for discounted shares and share options

To grow business value you must attract, and retain, key staff.

Offering employees equity in the business drives retention, motivation and focuses their efforts on delivering growth.

Changes to tax law in mid-2015 made Employee Share Schemes easy to implement for 'start up' companies, with concessions for share issues and deferred tax on options.



Connect with our team to learn more about Employee Share Schemes including the benefits, strategy and how to establish them.

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Quick facts: ESS discount

Am I a 'start up' company?

- Incorporated < 10 years - includes the company, its subsidiaries, holding company or subsidiaries of the holding company (group)
- Company's aggregated turnover ≤ \$50M¹
- Australian resident
- Not listed
- Not predominantly in the business of holding or selling shares/investments

Share/option requirements

- Ordinary shares only
- No disposal within 3 years unless no longer employed by company²
- Maximum 10% share equity and/or voting rights³
- Option strike price must equal market value when option issued

Key benefits

Shares	Options
Company can finance purchase price (no Division 7A)	
Dividends used to pay for the shares (no upfront employee cost)	
15% share discount tax-free (no income tax, CGT or FBT)	Taxed as capital gain not income when sold (access to CGT discount)
	No tax consequence on issue

¹ Test time is end of previous income year

² Includes option shares

³ Options deemed to be share equity with voting rights for ESS purposes