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Treasurer

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Minister for Small and Family Business, Skills and Vocational Education

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GOVERNMENT PROPOSES TO DOUBLE THE VALUE LIMIT AVAILABLE UNDER EMPLOYEE SHARE SCHEMES

The Liberal National Government is improving the ability for small businesses to offer employee share schemes to help employers attract, retain and motivate employees and grow their businesses.

The Government is simplifying the current regulatory framework, reducing the time and cost burden for businesses – an initiative that is particularly important for start-ups in early stages of growth.

Employee share schemes allow employees to invest in the business for which they work. They are offered as an incentive to employees, allowing them to share in the growth and success of the business.

The current regulatory framework is too complex and fragmented and ultimately discourages businesses – particularly, small businesses – from offering employee share schemes.

The Government proposes to simplify and extend the current regime by:

- creating a dedicated exemption for disclosure, licensing, advertising and on-sale obligations under the *Corporations Act 2001*;
- increasing the value limit of eligible financial products that can be offered in a 12 month period from \$5,000 per employee to \$10,000 per employee;
- expanding employee share schemes to include contribution plans, where an employee can make a monetary contribution to acquire eligible financial products; and
- allowing small businesses to offer employee share schemes without publicly disclosing commercially sensitive financial information unless they are otherwise obligated to do.

These changes build on improvements the Coalition Government has already made to make employee share schemes more attractive, including improving the taxation treatment of employee share schemes and limiting the requirement for disclosure documents given to employees to be made available to the public.

Backing small business is part of the Coalition Government's plan for a stronger economy. We are lowering taxes for small business to 25 per cent, we have cut nearly \$6 billion worth of small business red tape, we have extended the \$20,000 instant asset-write off to the end of the financial year and now we are improving the ability for small businesses to offer employee share schemes.

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