

**SUBMISSION: INQUIRY INTO THE TREASURY LAWS
AMENDMENT (TAX REFORM NO. 1) BILL 2026 AND THE INCOME
TAX RATES AMENDMENT (TAX REFORM NO. 1) BILL 2026**

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Inquiry into the Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 and the Income Tax Rates Amendment (Tax Reform No. 1) Bill 2026

The Australian Investment Council (the Council) welcomes the opportunity to make a submission to the Committee's inquiry into the provisions of the above Bills.

The Council is the national peak body for private capital investment in Australia. Our members include:

- Venture capital and private equity fund managers who invest directly into start-up, scale-up and high-growth companies, as well as the turnaround and transformation capital that recapitalises and rebuilds established businesses in distress, and who actively manage those investments through the provision of expertise, networks and resources.
- Allocators of capital - superannuation funds and other institutional investors (Australian and international), family offices and aggregators of high-net-worth capital. Typically, these investors provide capital to the fund managers above on a passive basis, although they may also invest directly into start-up and scale-up businesses.

Collectively, our members are responsible for around 700,000 full-time jobs, back more than 2,200 businesses (mainly SMEs) and contribute approximately \$77 billion to the economy on a gross value-added basis - equivalent to about three per cent of GDP. Through their superannuation funds, millions of working Australians benefit from the investment returns our members deliver. In MySuper products alone, \$44 billion¹ is invested into start-up, scale-up and high-growth companies via venture capital and private equity funds.

We recognise the work of the Tech Council of Australia in supporting Australia's technology sector and growth-stage capital, and view it as complementary to this submission.

1. Executive summary

The Council supports the Government's housing and fairness objectives and does not seek to reopen the broader reform. We accept that the 50 per cent CGT discount raises legitimate fairness questions and do not defend it generally. We ask only that the Committee recognise one distinction the Bills currently overlook - between the passive asset holdings the reform rightly targets and the productive, long-duration risk capital that builds and rebuilds Australian businesses.

The Council makes two recommendations.

¹Mandala, Australia's Untapped Opportunity: Removing Barriers to Superannuation Investment (2025).



Recommendation 1. Preserve existing CGT treatment for productive risk capital.

That the Bills preserve the existing capital gains tax treatment - the current discount, and exemption from the proposed 30 per cent minimum rate - for productive risk capital, founder equity and employee equity, held through the established architecture as those settings stood before the Budget, namely:

- the VCLP and ESVCLP regimes;
- the economically integrated adjacent vehicles (such as managed investment trusts) through which most of this capital is deployed; and
- the employee share scheme (ESS) and ESIC regimes.²

Recommendation 2. Define the concession by productive activity, not by sector or stage.

That any such concession be defined by reference to active, productive business investment - anchored by a low or nil cost-base, capital-at-risk test (in line with established architecture) - rather than a narrow “technology” or “early-stage” carve-out, so that it captures the full continuum of risk capital (including growth, scale up, and turnaround and rescue capital) across all sectors in which Australia is globally competitive, while excluding repackaged passive holdings.

The detailed legislative anchoring for both recommendations - mapping each limb to an existing statutory test - is set out at Annexure A.

Why the distinction matters. Treating productive risk capital and passive holdings identically would work against several of the Government’s own objectives - productivity, opportunity for younger Australians, and the private investment underpinning national priorities. Much of the capital at stake is ordinary Australians’ money: through MySuper alone, \$44 billion of retirement savings is invested in this sector. The people who take the risk also skew young - most founders are Millennials, and in venture-backed firms most employees are typically 35 or under - people who accept lower salaries and hold equity that begins at little or no cost base. For them, indexation offers no relief, because there is no meaningful cost base to index; the change can roughly double the effective rate on their gains and would leave Australia among the highest-taxing start-up jurisdictions in the OECD, at the very moment peer economies - including Canada in 2025 - are moving the other way.

A contained, tested solution. These recommendations do not create a new exemption. They preserve the existing, integrity-tested architecture that successive Labor and Coalition governments have built over two decades. That approach is fiscally contained, already tested for avoidance, and directly supports the productivity and national-priority investment - energy transition, advanced manufacturing, critical minerals, medical science - that the Government is relying on private capital to deliver. Where private capital retreats, the cost does not disappear; it shifts onto the Budget through the programs that step in to fill the gap.

2. Australia’s start-up, scale-up and high-growth sectors today

The current iterations of Australia’s start-up, scale-up and high-growth sectors have been built over the past two decades. After the dotcom crash of the early 2000s, successive

² Members have noted there are currently practical limitations within the ESIC program and that there is a need to modernise it.



governments supported investment through policy settings that recognised talent and capital as critical in equal measure. While the term “start-up” is often applied to technology businesses, this is not universally the case: start-up, scale-up and high-growth businesses are found in almost every sector of the economy.

2.1 A continuum

Investing in high-growth companies is a continuum comprising several stages:

- **Bootstrapping:** the beginnings of a business, where the entrepreneur or founder self-funds, often supplementing through credit cards and small bank loans.
- **Seed and angel:** the first external investors - family, friends, accelerators and incubators - who provide mentoring and strategic support alongside capital.
- **Early-stage venture capital:** institutional capital enters; the business is typically ready for scaling, with teams built and a focus on sales and marketing.
- **Growth equity:** where venture capital and private equity overlap; institutional capital backs expansion into new markets, acquisitions, infrastructure and competitive advantage.
- **Turnaround and rescue capital:** institutional investment into established businesses in financial or operational distress. Investors take substantial risk to recapitalise, restructure and rebuild companies that might otherwise fail - preserving jobs, supply chains and capability. The equity is typically acquired at a low or nil cost base, reflecting the distressed entry point.

Productive risk is taken at every stage of this continuum, and the CGT discount changes will affect talent and capital at each of them.

3. Impact of the Bills

Collectively, the Bills:

- abolish the longstanding 50 per cent discount on capital gains from the disposal of assets held by individuals, trusts and partnerships for more than 12 months;
- replace the discount with indexation of the cost base for the purposes of calculating the taxable capital gain;
- set a minimum 30 per cent rate on capital gains; and
- preserve the discount for new and affordable housing, and assets the Minister may determine.

The new arrangements apply prospectively to gains accruing on or after 1 July 2027, supported by a deemed sale and reacquisition of assets on 30 June 2027. In effect, from 1 July 2027, Australia will have a capital gains tax rate ranging between 30 and 47 per cent.

Based on the Budget papers and surrounding commentary, we understand the policy intents to be: to balance the taxation of income from personal exertion and income from asset ownership; to address intergenerational inequity by making housing more affordable; and to address the fiscal deficit. We accept that the broad discount raises legitimate fairness questions and do not defend it generally. We ask only that productive risk capital be distinguished from the passive asset holdings the reform targets - which would itself achieve



a further policy objective: incentivising investment in the businesses that drive productivity and support national priorities.

3.1 Indexation provides negligible relief on low or nil cost-base equity

For indexation to provide any real benefit, there must be a meaningful cost base; otherwise it is applied to amounts at or near zero. Indexation improves inflation-neutrality for passive financial assets with a substantial monetary cost base, but has disproportionately punitive impacts for both capital and talent in start-up, scale-up and high-growth companies:

- Founders / entrepreneurs typically acquire their shares for a nominal amount at incorporation.
- Start-up employees are granted options or shares with zero or low cost-base under the current start-up employee share scheme rules, as part of their overall remuneration.
- Specialist talent are granted equity that does not qualify under the start-up ESS provisions, but where indexation provides limited practical relief relative to the upside - the employee having traded the certainty of salary for at-risk equity.
- Turnaround and transformation investors acquire equity in distressed or underperforming businesses at a low or nil cost base, reflecting the value at the point of acquisition. Any gain is not a windfall on a passively held asset; it is earned through years of hands-on work - recapitalising the balance sheet, rebuilding management, restructuring operations and saving the jobs that depend on it.
- Fund managers receive a share of investment performance that is at genuine risk - it returns nothing unless the underlying businesses succeed and demanding performance hurdles are met. The Council does not seek to alter the existing integrity settings that govern this treatment and would support its preservation being expressly conditioned on the established eligibility and anti-avoidance rules, so that any concession is confined to genuine at-risk, performance-based participation and cannot be used to repackage ordinary income.

Crucially, this is not only an early-stage technology issue. The same near-zero cost base arises wherever a business is acquired for a nominal amount - often a high-potential business held back by under-investment, a parent in distress, a sector reset by regulatory change, technology disruption or decarbonisation, or a succession gap in a founder- or family-owned business. In the hands of new owners, these businesses receive the capital and strategic support they need to deliver essential services, provide competition and contribute to national priorities. For all these participants, the CGT changes would, in substance, double the effective tax rate from around 23.5 per cent today to close to 47 per cent.

The effect, illustrated. The following indicative examples compare outcomes under the current discount with outcomes under the proposed indexation method. They show that, while a passive investor receives a meaningful uplift from indexation, a founder, employee or turnaround investor with a near-zero cost base does not. Figures are illustrative, assume the



participant is already in the top marginal bracket at the CGT event, and require verification before lodgement.

Participant / asset	Capital gain	Indexation relief	Current effective rate	Proposed effective rate
Passive investor: \$1.5m listed shares, held 10 years	~\$0.5m	Material	~23.5%	~26%
Founder: \$1 subscription → ~\$50m exit, 8 years	~\$50m	~\$0.25 total	~23.5%	~47%
ESS employee: 100k options at \$0.10 → \$10.00, 4 years	~\$0.99m	~\$1.5k	~23.5%	~47%
Turnaround investor: nominal cost-base equity in distressed business → \$20.0m gain, 5 years	~\$20.0m	Minimal	~23.5%	~47%

The contrast is structural rather than dependent on the specific assumptions: indexation rewards a high monetary cost base and penalises the low cost-base equity that defines productive, entrepreneurial activity.

3.2 Australia would become one of the highest-taxing start-up jurisdictions in the OECD

Australia's current effective CGT rate is broadly aligned with peer economies such as the United States and the United Kingdom. Lifting the effective rate to around 47 per cent would likely give Australia among the highest relevant capital gains tax burdens on start-up, scale-up and high-growth companies in the OECD (see section 7 and Appendix A), making the country an international outlier in the taxation of entrepreneurship and innovation capital - precisely when comparable jurisdictions are making their systems more attractive to talent and capital.

Australia's near neighbours - New Zealand, Singapore and Hong Kong - impose no comprehensive capital gains tax at all. Notably, in March 2025 Canada reversed course on a comparable proposed increase to its capital gains inclusion rate, citing the need to support investment and entrepreneurs - the opposite of the direction proposed by these Bills.

Case study: Canada

In 2024, the Canadian Government proposed increasing the proportion of capital gains subject to tax from one-half to two-thirds for businesses and individuals with gains above C\$250,000.



In 2025, Prime Minister Mark Carney reversed the decision, stating that cancelling the increase would “catalyze [sic] investment across our communities and incentivise builders, innovators and entrepreneurs to grow their businesses in Canada”.

The parallel that matters most is process. Media reporting at the time suggested the Canadian episode was a failure of rushed implementation without legislative certainty.³ The Canadian experience shows that even sound structural tax reform can damage investor confidence when it is finalised on a compressed timeline that leaves limited room for consultation. We request that the Committee weigh that lesson — that the certainty risk capital depends on is a function not only of the policy itself, but of the process and timeframe through which it is settled.

4. Consequences for Australia’s start-up, scale-up and high-growth sectors

Australia’s venture capital policy settings have taken the sector from being decimated after the dotcom crash to world-leading. These are settings that successive governments - Labor and Coalition alike - have built, supported and added to over close to two decades. Preserving them is not a new concession; it is protecting a bipartisan policy success that this Parliament created and has repeatedly chosen to strengthen. They include the Venture Capital Limited Partnership (VCLP), Early-Stage Venture Capital Limited Partnership (ESVCLP), start-up employee share scheme (ESS) and Early-Stage Investment Company (ESIC) regimes.

Although each program has limitations, they have a proven track record. The VCLP and ESVCLP regimes have, since inception:

- driven \$36 billion of investment into start-up, scale-up and high-growth businesses;
- assisted more than 3,000 businesses; and
- galvanised more than 16,600 investors to allocate capital to the sector.

Without these settings, it is highly unlikely Australia would have become one of the most efficient producers of technology “unicorns”. In 2025, Australia produced 1.22 unicorns for every US\$1 billion invested, on par with established technology centres such as Israel.⁴

The CGT discount has been foundational to this success. Australia’s venture capital policy settings are built on the 50 per cent CGT discount; the VCLP, ESVCLP and ESS rules harness it to channel investment and talent into higher-risk, higher-productivity sectors. Removing the discount is akin to pulling the rug from under two decades of policy, precisely when Australia is relying on productive investment to drive dynamism and competition and to channel capital and expertise into national priorities such as energy transition, modern manufacturing, the digital economy and medical science.

³ See e.g. ‘Canada cancels controversial capital gains tax increase’, *Reuters*, March 22, 2025. Accessed on 7 June 2026: <https://www.reuters.com/world/americas/canada-pm-carney-cancels-proposed-capital-gains-tax-increase-2025-03-21/>

⁴ Side Stage Ventures, *Australia Venture and Startup Report (2025)*.



4.1 Talent and capital are globally mobile

Founders, skilled employees and innovation capital are highly mobile and demonstrably responsive to tax settings. In the United Kingdom, speculation about increases to founder taxation ahead of recent Budgets triggered a marked rise in founder enquiries about relocating to lower-tax jurisdictions, and sustained warnings from the venture sector about weaker employee equity incentives. For the current generation, CGT change is a “tipping-point” issue - not the sole driver of where they locate, but one more reason to go elsewhere. For the next generation, the decision is simpler still: whether to establish and scale in Australia in the first place.

4.2 Capital drifts to passive investment, extending the “valley of death”

Investing in this sector is higher-risk, long-term and illiquid - five years or more for later-stage businesses, or ten or more for R&D-intensive deep technology. Where policy settings do not reward productive risk, it is foreseeable that capital is redirected toward shorter-duration, lower-risk, yield-oriented uses. That drift extends the “valley of death” for companies on the cusp of scaling, creating a market failure that governments are then called on to address through funding or other incentives. Companies in national-priority areas - critical minerals, defence technology, biotechnology, clean energy and advanced manufacturing - are among the most vulnerable. Such intervention would be unnecessary if sufficient private capital were available, which presents the Government with a trade-off: preserve a contained, proven setting, or react to capital flight through new or expanded funding programs.

5. Framing intergenerational equity through homeownership has perverse outcomes for younger people

As they relate to assets and businesses that are not residential housing, the CGT changes work against many of the people the reform is intended to support. Start-up Muster’s 2025 report⁵ found that 55 per cent of start-up founders were Millennials in their 30s and 40s, close to a quarter were in their 20s, and almost half had previously founded a start-up. The same report found that 75 per cent of start-ups attracted and retained staff through employee share or option plans; data from one member firm shows most employees across its portfolio are aged 35 and below.

These are young people who might otherwise be employed in established, blue-chip businesses, choosing instead to accept lower salaries and take risk by starting or growing new businesses. For them, the pathway to intergenerational equity runs through entrepreneurship rather than owning a passive asset. On this basis, the CGT changes would fall most heavily on exactly the aspirational younger Australians the broader reform is intended to assist.

6. Making room for productive risk using existing legislative architecture

The Council welcomes the Government’s commitment to working with industry on sensible concessions. We note recent comments that the scope for concessions is narrow, and that

⁵ Start-up Muster, 2025 Report (2025).



there is a desire to finalise the rules quickly. Through those lenses, framing concessions on the existing policy architecture - the VCLP, ESVCLP, ESS and ESIC regimes - is the most effective approach. Its advantages are that it is:

- Fiscally contained. Venture capital is a relatively small proportion of the overall CGT take.
- Integrity tested. The existing frameworks have already undergone tax-integrity testing.
- Proven. The architecture has been instrumental to Australia's standing.
- Holistic. It recognises that talent and capital both take significant risk in starting and backing new businesses.

6.1 The importance of not casting exemptions too narrowly

We have heard the argument that sector-specific exceptions create distortions. The alternative view is that the tax system has long been an effective lever to stimulate particular activity, and policymakers should weigh distortion concerns against outcomes. On that basis, concessions should not be limited to early-stage technology companies:

- Confining concessions to “technology” requires governments to nominate favoured industries, which distorts capital allocation and presupposes where future productivity will come from.
- The category is almost undefinable - nearly every modern business uses technology - and a tech-only line would multiply classification disputes, compliance cost and incentives to relabel firms purely to qualify.
- An “early-stage” cut-off starves the scale-up phase, which is where the capital and risk-reward problem is most acute and where Australia has historically lost companies offshore.
- It treats identical risk-taking unequally: a founder who spent a decade building a manufacturing, regional or family enterprise takes real risk, defers income and creates jobs.
- It breaks the reinvestment cycle on which start-ups depend - angels, funds and serial founders who recycle gains into the next venture.
- Narrow carve-outs are the most complex and most gamed part of the system; a broad-based concession built on proven architecture is simpler, cheaper, more durable and less prone to integrity problems.
- It signals policy risk to mobile capital: a regime that finely sorts winners from losers invites investors to discount the concession's value.
- If the aim is to steer capital toward productive ventures rather than passive or speculative assets, the logical category is active, productive business investment - not “technology” - with a low or nil cost-base, capital-at-risk test as the natural limiting principle that keeps passive holdings out.

6.2 ESVCLP and VCLP are only one pathway for deploying capital

While transformational, the ESVCLP and VCLP frameworks are only one route for institutional capital into the sector. A survey of a representative sample of the Council's Australian-domiciled fund manager members showed that 72 per cent of investments are



made through managed investment trusts or other funds-management vehicles.⁶ Two structural reasons explain this:

- The definition of “eligible venture capital investment” excludes sectors such as property and financial services; these exclusions are narrowly interpreted, so fintech, proptech and similar companies often cannot receive capital from an ESVCLP or VCLP.
- The monetary investment thresholds for the ESVCLP and VCLP were not reviewed since inception and no longer reflected contemporary investment sizes. The substantial increases announced in the 2026 Budget were welcomed - but because both regimes are built on the CGT discount, removing the discount substantially negates the benefit.

The Council recognises that managed investment trusts are used more widely than this sector alone and would welcome the opportunity to work with policymakers on an efficient way to ring-fence any concession using existing policy architecture.

7. Preserving concessions would support international competitiveness

The recommended treatment is consistent with, and modest by comparison to, established concessions in comparable jurisdictions - many of which are actively boosting incentives to attract talent and capital.

United Kingdom

- Main CGT rates, in effect since the 30 October 2024 Budget, are 18 per cent within the basic-rate band and 24 per cent for higher and additional-rate taxpayers.
- Enterprise Management Incentive (EMI) options provide tax-favoured employee share treatment for small unlisted trading companies, on criteria conceptually like Subdivision 83A-B; on disposal, qualifying gains attract Business Asset Disposal Relief at a reduced rate. EMI plus BADR is the closest international analogue to the Australian start-up ESS plus discount combination.

United States

- The top federal effective rate on long-term gains is about 23.8 per cent, before state taxes (which vary - nil in Florida and Texas, up to 13.3 per cent in California).
- Federal law provides a substantial capital gains exclusion on Qualified Small Business Stock held at least five years - widely regarded as a cornerstone of the US start-up ecosystem and an explicit reward for productive risk-taking.

Israel

- Indexation is a feature of Israel’s system, but the standard rate on real gains ranges from 25 to 30 per cent (for a substantial shareholder); 30 per cent is a ceiling, not a floor, with surtaxes adding around five per cent.

⁶ Data available to the Committee on request.



Singapore

- Singapore does not tax capital gains on the sale of shares, property or other assets (gains treated as trading income are taxed at the 17 per cent corporate rate or personal rates). In 2025 it made permanent a tax-free status for share gains where the taxpayer held at least 20 per cent of the investee for at least 24 months before disposal, alongside a range of start-up and fund-manager concessions.

Measured against these regimes, the Council's recommendations are materially less generous in both scope and effective rate. Preserving appropriately calibrated concessions would largely maintain - rather than enhance - Australia's competitiveness, while failing to do so risks accelerating the relocation of founders, skilled employees and venture capital toward New Zealand, Singapore, the United Kingdom and the United States.

8. Conclusion

The Council supports the Government's housing and fairness objectives and does not seek to unwind the broader reform. We ask only that the productive, long-duration risk capital deployed through Australia's recognised venture capital structures - together with the founder and employee equity that sits alongside it - be preserved within the existing legislative architecture, as it stood before the Budget.

Australia has spent two decades building the settings that took a sector decimated after the dotcom crash to world-leading. The revenue at stake is a small share of the overall CGT take. The cost of getting this wrong is not: it falls on the younger Australians who take entrepreneurial risk, on the superannuation members invested alongside them, on the national-priority industries the country is relying on private capital to build, and on the businesses this capital builds and rebuilds - from the start-ups that become global names to the established employers that turnaround and rescue capital keeps alive. Preserving a contained, tested setting now is far less costly than replacing the investment it unlocks through Budget-funded programs later.

The Council would welcome the opportunity to work with the Committee and Treasury on the detailed design of these amendments, and to appear before the Committee if that would assist.



Annexure A - Recommended legislative anchoring

In each category, the Council seeks to preserve existing treatment. Each limb maps to an existing statutory test, with a small number of integrity overlays. The asks are designed to be easy to draft, hard to extend beyond their intended scope, and confined to genuine capital-at-risk activity by a low or nil cost-base test. They amount to a restoration of the 50% discount, pre-Budget position for a defined ecosystem rather than the creation of a new concession.

Category preserved	Existing statutory anchor / gating test
Long-duration risk capital	Australian taxable investors are eligible for the CGT discount in deploying capital through registered VCLPs and ESVCLPs, and the economically integrated follow-on vehicles managed alongside them by the same manager (MITs, AMITs and nominee structures). ESIC tax-exempt framework used to ring-fence angel investment. Limiting principle: capital-at-risk deployment into eligible venture capital investments.
General Partner (GP) performance participation (CGT Event K9)	Gains arising under CGT Event K9 (section 104-255) to a general partner of a registered VCLP, ESVCLP, AFOF or VCMP. Self-limiting: registration administered by Innovation and Science Australia; ongoing investment restrictions and eligibility/compliance criteria already perform the integrity work. Fifty (50) percent CGT discount on the payment of carried interest.
Qualifying founder equity	Anchored in the Division 83A start-up ESS concession criteria (unlisted Australian-resident company, < 10 years old, aggregated turnover < \$50m, predominantly Australian operations, but enabling a > 10% fully diluted interest), acquired by a qualifying founder within 12 months of incorporation. Excluded-activities framework continues to apply. Status tested at acquisition, not disposal.
Start-up ESS interests	Interests acquired under the Subdivision 83A-B start-up concession; 50% CGT discount preserved on the post-taxing-point gain where the existing eligibility test is met at acquisition.
Qualifying employee / management equity	A defined class of genuine, capital-at-risk employee and management equity granted in relation to employment, subject to an individual holding cap (< 10%, fully diluted) and integrity criteria that exclude repackaged or deferred cash remuneration. Does not extend the upfront ESS concessions - only the 50% CGT discount on the eventual disposal gain.



Note. If the design of these carve-outs cannot be settled within the inquiry timeframe, the Council recommends that the affected provisions be referred for short, targeted consultation before commencement, rather than being legislated in a form that produces the outcomes described in this submission. A fair transition for existing arrangements would need to be put in place to avoid taxing existing investments retrospectively.



Appendix A - Indicative international comparison

The table below provides an indicative comparison of top effective capital gains tax rates relevant to start-up founders and early employees.

For Founders, employees holding equity under the start-up concessions in Division 83A of the Income Tax Assessment Act 1997 (Cth) (ITAA 1997), the proposed change has a materially adverse effect because the relevant cost bases are typically nil or negligible. Therefore, a negligible cost base indexed to CPI produces almost no reduction to the gain, which under the proposed changes would be taxed up to the full marginal rate (47% including 2% Medicare levy) on exit. By comparison, the current CGT rules produce an effective rate of approximately 23.5% on capital-account gains held for more than 12 months.

This section provides a high-level overview of the current concessional tax frameworks applying to employee start-up equity in six jurisdictions: the United States, the United Kingdom, Canada, New Zealand, Singapore and Israel. Each jurisdiction outlines the headline rate applying to capital gains, and the principal concessions available to founders, start-up and early-stage employees.

Jurisdiction	Capital gains tax rates	ESOP tax rates
Australia (current)	~up to maximum of 23.5% (50% discount applied at 47% top marginal rate)	23.5% either ESS start-up concession in Subdivision 83A-B for companies that are unlisted, incorporated less than 10 years, and aggregated annual turnover of less than AUD 50 million or via other ESS plans commonly in market available to all companies but predominately used in an unlisted context (e.g Loan Funded Share Plans). Listed Companies tend to use tax deferred arrangements that are taxed at 47% usually with a corresponding tax deduction.
Australia (proposed - indexation, from 1 July 2027)	~Up to maximum of 47% (negligible cost base indexed to CPI; relevant marginal rate effectively applies)	Up to 47% as it stands as no concessions for ESS start up. For other CGT based plans currently in market effective rate of ~40% for high growth companies and potentially no tax for low growth companies (as inflation could outperform the company movement). Treatment of ESS concessions under the second



		tranche legislation remains subject to consultation.
United States	23.8% long-term capital gains for stocks held longer than 12 months (including Net Investment Tax).	23.8% for US tax concessional ESOPs for start-up companies in the form of Incentive Stock Option (ISO) award or profit interests. They are taxed as capital gains but no corresponding deductions. Or taxed at marginal rates with a corresponding tax deduction.
United Kingdom	18%-24% standard CGT (basic / higher rate)	18-24% there are a range of tax favourable plans in the form of Enterprise Management Incentive (EMI) and Company Share Option Plan (CSOP) and loan funded arrangements which tax the ESOP on capital account at sale with no corresponding tax deduction unless you are EMI.
Canada	Roughly 23%-27% in the highest-tax provinces (50% inclusion basis)	Roughly 11%-18% where the ESOP qualifies as a Canadian Entrepreneurs' Incentive plan which only taxes 33.3% of the gain at marginal rates. Otherwise, 23-27% depending upon the province with no corresponding tax deduction provided it is a "start-up" or Canadian based company. Or alternatively marginal with a corresponding deduction.
New Zealand	Nil where capital in nature; otherwise up to 39% if on revenue account	~39% No general CGT; no concessions for start-up ESOPs; employee deferred shares deferral for unlisted companies which defers taxation until a liquidity event from 1 April 2026.
Singapore	Nil where gains are capital in nature; otherwise taxable if characterised as income	Nil, however likely taxed up front on the value of the award, based on net assets (usually this is a nominal fee given the concessional nature of the valuation) unless there is a contemporaneous transaction at the



		same time in which case a valuation is recommended.
Israel	25% standard / 30% for substantial shareholders holding 10% or more	25% standard / 30% for substantial shareholders holding 10% or more. Or you can pay tax at marginal rates, and the Company has access to a deduction.

Note: This is based on our current understanding of capital gains tax rates in other jurisdictions.

