



GMS Flash Alert

Global Compensation Edition

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Australia - 15 July Employer Reporting Deadline for Employee Share Schemes

The first deadline for Australian Employee Share Scheme (ESS) tax reporting is **15 July 2017**.¹ All taxable events arising under the ESS during the year ended 30 June 2017 need to be reported.

WHY THIS MATTERS

This is an employer reporting obligation and so companies must comply. They should have appropriate systems and procedures in place to meet their ESS-related compliance obligations.

Penalties can be assessed for late lodgment.

The Australian Taxation Office (ATO) is committed to providing better online services to taxpayers, and in doing so, has been significantly shifting the onus of responsibility for tax reporting from employees to employers.

What Needs to Be Reported and When?

All taxable events arising under the ESS during the year ended 30 June 2017 need to be reported.

The timing of the taxable event and the type of information to be reported are driven by the type of ESS, and the date on which awards were granted under the ESS.

Generally, the following reporting obligations will exist:

	ESS Statements from Employers to Employees	ESS Annual Report from Employers to ATO
Reporting deadline	15 July 2017	15 August 2017
Information to be reported	Estimate of assessable income*	Estimate of assessable income* Number of awards that become taxable Date of taxable event(s) Assignment details*

* Where an employee relocates internationally between grant and vest, some of the income arising under the ESS may be exempt from Australian tax and does not need to be reported.

Note that cash-settled plans are not included in this reporting obligation, and should be reported as part of a company's regular PAYG withholding obligations.

KPMG NOTE

The introduction of multiple legislative changes since 2009 require careful application to each employer's ESS to help ensure that Australian tax reporting to ESS participants and the ATO is complete and accurate.

In some situations, employers may wish to seek advice and assistance from their qualified tax and/or global compensation professionals.

Who Should Report?

The obligation to report rests with the provider of the ESS.

Where employees of Australian subsidiaries participate in a foreign parent ESS, the Australian subsidiary typically takes responsibility for the reporting obligations.

How to Report

Last year, the ATO changed the way ESS information is to be reported. The only lodgment channels available from FY16 onwards are:

- Electronic Reporting Specifications; or
- Online via the ATO website – this is only available where reporting is for less than 50 employees (and requires manual line-by-line for each of the employee and ATO reporting).

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KPMG NOTE

This is now the second year of online lodgment in Australia and paper forms can no longer be used. There are no substantive changes from last year's returns.

FOOTNOTE:

1 For related information, see this ATO website: <https://www.ato.gov.au/General/Employee-share-schemes/In-detail/Employer-reporting-requirements/ESS--Reporting-requirements-for-employers/>.

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Australia:

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To find out how KPMG can assist, visit: <http://kpmg.com/au/essreporter>.

The information contained in this newsletter was submitted by the KPMG International member firm in Australia.

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