

Human Resources Legislative Update

Federal Government Releases Consultation Draft of Legislative Tax Proposals

Date: August 30, 2010

The Department of Finance released draft legislative proposals in [July](#) and [August](#) of 2010 to implement a variety of tax measures, including those first outlined in its 2010 Budget along with several previously announced tax initiatives, for public consultation.

The proposals outline significant changes to the tax rules applicable to employee stock options that will:

- alter the deductions available when stock option rights are paid out in cash instead of exercised for shares;
- alter the treatment of underwater options in certain circumstances; and
- eliminate the taxable benefit deferral on the exercise of options to acquire public company shares after March 4, 2010.