AustralianSuper

10/07/2026

Diane Brown, Deputy Secretary
Revenue Group
The Treasury
Langton Crescent
PARKES ACT 2600

Via email to **TaxChanges@treasury.gov.au**

Dear Treasury,

AustralianSuper submission to Treasury's consultation on Capital gains tax reforms – arrangements for innovative start-ups

AustralianSuper welcomes the opportunity to respond to Treasury's consultation on arrangements for innovative start-ups

We welcome the focus on tax settings that support Australia's innovation ecosystem and, in turn, the long-term financial interests of our members. As a large institutional investor, we view the taxation of founders and employees as a critical lever for attracting and retaining talent, and therefore central to the growth and international competitiveness of emerging, high-growth industries. A stable, globally competitive framework is essential to sustaining a strong domestic start-up and venture ecosystem, which underpins our investment strategy in this sector.

We support the proposed Innovative Business CGT Concession (IBCC). This submission proposes two recommendations to ensure it fully achieves the policy intent.

AustralianSuper is Australia's largest superannuation fund and is run to benefit members. Our vision is to be Australia's leading superannuation fund, in the world's best system for members. AustralianSuper has over 3.6 million members and manages over $410 billion of members' assets. We have over $1.5 billion of capital invested in the Australian start-ups and venture capital ecosystem.

We would be pleased to provide additional information or to discuss this submission in further detail. If that would be of assistance, please do not hesitate to contact Emma Carr, Head of Government Relations and Public Policy (ecarr@australiansuper.com).

Regards

Steve Macmillan
Head of Corporate Affairs

T 03 8648 3900
Level 30, 130 Lonsdale Street
Melbourne VIC 3000 Australia
australiansuper.com

Capital gains tax concession — maintain international competitiveness

We recommend that the proposed concession provide a 50% CGT discount with **no lifetime cap.**

A capped model risks reducing the effectiveness of the concession in internationally mobile sectors. The USD10 million cap under the US Qualified Small Business Stock (QSBS) regime operates within a broader system with lower effective capital gains tax rates. By contrast, a 50% CGT discount in Australia would deliver an effective tax rate of approximately 23–24%, broadly aligning Australia with comparable international settings.

Maintaining this alignment is critical to ensuring Australia remains competitive in attracting and retaining founders and highly skilled employees, particularly in innovation-driven sectors such as fintech, AI and software. The proposed eligibility criteria should be sufficient to target the concession to genuine high-growth, innovative businesses and manage the risk of unintended use. Introducing a lifetime cap would add complexity while weakening the policy's effectiveness in achieving its core objective.

Transitional arrangements — protect confidence and existing participants

We recommend **full grandfathering** for existing participants in the ESS start-up concession, such that they retain access to the current uncapped 50 per cent CGT discount rather than being transitions into the proposed IBCC settings.

Predictability of incentives at the time decisions are made is fundamental to the start-up ecosystem. Changes that alter the treatment of existing interests risk being perceived as retrospective and may undermine confidence in Australia's policy framework.

While a market value reset (for example, on 30 June 2027) would ensure that only future gains are subject to the revised regime, it would not preserve the core benefit of the current concession upon which employees' compensation was struck. In particular, transitioning participants into the IBCC with a lifetime cap would limit the upside originally contemplated and effectively alter the terms of equity-based remuneration agreed in good faith.

This risks disadvantaging early employees who have accepted equity in lieu of cash remuneration and who thereby have taken on significant risk. Absent grandfathering, there is also a risk of unintended behavioural responses, including the potential for employees to leave maturing start-ups in favour of new entities to retain access to concessional treatment. Additionally, we note retention of the best talent is important to scale-up growth-stage businesses, which drive significant venture capital returns.

Well-designed transitional arrangements would maintain policy stability, protect existing expectations, and avoid disruption to start-ups that have emerged and grown under the current framework. They would also support continued confidence in Australia's innovation settings for both current and future participants.