



## MEDIA RELEASE

Wednesday 05 February 2010

### FSC PUBLISHES SUBMISSION ON CORPORATE TAX RESIDENCY

The Financial Services Council (FSC) has today published its submission to the Board of Taxation on *Corporate Tax residency – reform options*.

The FSC submission recommends that the tax residency test for corporates and similar entities, including managed investment trusts, should be amended to be a place of incorporation test only.

The existing tax residency test causes considerable problems for Australia's managed funds industry, particularly for funds that are legally incorporated overseas and managed by Australians – in some cases these funds could be unexpectedly reclassified as Australian tax residents.

If this unwanted reclassification occurs, the relevant funds could be hit with many detrimental tax outcomes, including increased capital gains tax, increased withholding tax, and substantial increases in tax complexity and administration costs.

These issues would all be addressed if the residency test for managed funds were changed to be place of incorporation alone.

Read the submission in full here: <https://fsc.org.au/resources/1923-fsc-submission-review-of-australia-s-corporate-tax-residency-rules/file>

**Contact: Esther Jago on 0421 102 944 or [ejago@fsc.org.au](mailto:ejago@fsc.org.au)**

#### About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.