



MEDIA RELEASE

Thursday 16 July 2020

FSC BACKS POLICIES TO PROMOTE AUSTRALIA AS A FINANCIAL SERVICES HUB

The Financial Services Council (FSC) strongly supports calls to take advantage of a once in a generation opportunity to make Australia an international financial services hub.

To achieve this goal, which the FSC has advocated for over a long period, Australia needs to help significant investors and skilled employees move to Australia, remove excessive taxes that penalise investors in financial services, and prioritise the development of corporate collective investment vehicles that are familiar to investors in Asia.

CEO of the FSC, Sally Loane said: “These reforms would build on Australia’s existing strengths including our high quality education and training sector, the rule of law, our political stability, and our well-established funds management industry servicing Australia’s superannuation sector.

“Our financial services sector is currently one of the best in the world, with the Melbourne Mercer Global Pension Index finding Australia’s pension regime is third best of the 37 countries surveyed; and the Morningstar Global Investor Experience Study finding Australia leads the world for low fees.

“However, Government rules are holding us back. Morningstar also found that Australia has a tax and regulatory regime for managed funds that is inferior to 20 other markets including the UK, much of Europe, Hong Kong, Singapore, Thailand, Taiwan and Korea. Reductions in Australian taxes and red tape would make our market much more attractive to overseas investors and improve our global standing,” Ms Loane said.

The Morningstar study shows Australia imposes one of the largest tax burdens on managed funds, with many other countries exempting investors from capital gains. By contrast, the Australian Government is planning on increasing the Capital Gains Tax on managed funds, which will hinder the goals to make Australia a financial centre.

“The FSC has done a great deal of work over the past decade supporting the case for Australia to become a global financial services hub, building on the important work of Mark Johnson. We would welcome all efforts by the Australian Government to remove the barriers that are holding back Australia from growing as an international financial centre,” added Ms Loane.

The key reforms sought by the FSC are outlined below, this is an edited extract from the FSC’s report *Accelerating Australia’s Economic Recovery*, released on 3 June 2020 - [fsc.org.au/resources/2026-fsc-report-accelerating-australia-s-economic-recovery/file](https://www.fsc.org.au/resources/2026-fsc-report-accelerating-australia-s-economic-recovery/file)

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Attachment – key reforms to promote Australia as a financial services hub

- The Government should prioritise the introduction of the Corporate Collective Investment Vehicle (CCIV), establishing an investment vehicle with a legal structure more familiar to investors in the Asian region. The Government should ensure the taxation of the CCIV is the same as the current tax treatment of Attribution Managed Investment Trusts (AMITs).
- The Government should prioritise the implementation of already announced funds management tax reforms to ensure accelerated growth of the sector, including:
 - Reforms to fix issues with the Taxation of Financial Arrangements, particularly foreign exchange hedging.
 - Reforms to fix issues with the Investment Manager Regime (IMR).
 - Expand the functional currency election to certain trusts and partnerships.
- Simplify the withholding tax system for managed investments by replacing numerous different rates, with multiple exemptions, with a simpler lower rate of withholding tax for all non-exempt payments.
- Prioritise tax treaties with key financial capitals, consistent with Government commitment that Australia’s tax treaty network remains aligned to our trading relationships.
- Cancel proposals to remove the CGT discount for managed funds, which would overtax them compared to other trusts and individuals.
- Allow AMITs to access CGT rollover relief that is available to other trusts.
- Ensure the correct Australian taxation of foreign capital gains after the *Burton v Commissioner* decision.
- Complete the review of the Significant Investor Visa (SIV) program as a matter of urgency to provide policy certainty for applicants. The processing times for the SIV should be shortened, with cost of the visa class, currently from \$7,880, increased to fully offset the cost of a service level agreement that ensures all applications are finalised within three months.
- Abolish stamp duties including on insurance products and property transactions, consistent with calls by many reviews including the recently released NSW Review of Federal Financial Relations.
- Reduce the company tax rate to 25% for all companies. Cutting the company tax rate would make Australia internationally competitive and promote business investment, economic growth and higher employment. Australia’s recent cut in the company tax rate for small business has had a positive effect on employment and investment and in the current environment it is important to extend the same incentives to invest to larger companies.

FSC also recommends the creation of new ‘Australian Superannuation and Infrastructure Investment Vehicles’ (**ASIIVs**), which will facilitate investment into infrastructure by all types of investors, including investors from the Asian region. The ASIIV would help address some of the foreign investment issues that can restrict foreign investment into Australian infrastructure, particularly the issues with control of sensitive Australian assets.

*This is an edited extract from the FSC’s report *Accelerating Australia’s Economic Recovery*, released on 3 June 2020, available from: <https://fsc.org.au/resources/2026-fsc-report-accelerating-australia-s-economic-recovery/file>*

The Morningstar Study relating to fees and expenses was released in September 2019 – see FSC press release here: <https://fsc.org.au/resources-category/media-releases/1857-australia-equal-best-for-managed-funds-fees/file>

The Morningstar Study relating to regulation and tax was released in April 2020 – see FSC press release here: <https://fsc.org.au/resources/2007-fsc-media-release-australia-managed-funds-world-leading-despite-inferior-tax-and-regulation/file>

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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 15.6 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.