MEDIA RELEASE

3 December 2015

MIT tax regime a good step forward for exporting financial services – CIVs critical to complete the picture

The new Managed Investment Trust Tax Regime which was introduced into Parliament today is a good step forward in providing the right domestic platform to enable financial services trade to expand and grow.

The new regime will provide certainty and clarity for eligible Managed Investment Trusts and their investors in relation to many longstanding technical taxation issues. These include an attribution model for tax liabilities, certainty of treatment for 'unders and overs', deemed fixed trust treatment, and clarity regarding cost base adjustments and the treatment of tax deferred distributions.

The recent FSC Perpetual *2015 Australian Investment Managers Cross-Border Flows* Report shows investment by foreign fund managers into Australian Managed Investment Trusts has doubled from $20.3 billion to $43.6 billion over the past five years since changes were made to broaden the eligibility rules for MITs in Australia.

Sally Loane CEO of the Financial Services Council said: "The opportunities to export Australian financial services are significant and making sure we have the right tax and regulatory architecture in place will play an important role in determining our level of success as an exporter."

"There is much to win," Ms Loane said. "Less than five per cent of Australia's $2.6 trillion in funds under management are currently sourced from overseas."

"We have the potential to significantly grow our financial services export market and to reap the benefits of economic growth and job creation.

"The new Managed Investment Trust Tax Regime is a positive step forward in modernising our unit trust structure, but to achieve our full potential as a financial services exporter it is essential that the outstanding Johnson Report recommendation to broaden the range of collective investment vehicles available for foreign investors be completed as a matter of priority," she said.

Offshore investors are often not familiar with the nuances of the Australian unit trust as an investment vehicle and overlook Australia in favour of other jurisdictions such as Luxembourg, Ireland and the UK which have a range of collective investment vehicles with an uncomplicated tax treatment.

Allowing additional types of collective investment vehicles in Australia such as a corporate structure similar to the one used in the UK or a Luxembourg SICAV would place Australia on a level footing with these jurisdictions and would enable our export market to grow.

[ENDS]

For further information contact: Robyn Tolhurst, Director of Communication T: 0411 177 773 E: rtolhurst@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 115 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than $2.6 trillion on behalf of 11.5 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.