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## **MEDIA RELEASE – FSC WELCOMES CIV WITHHOLDING TAX CONSULTATION PAPER**

The Financial Services Council welcomes the release by the Hon Kelly O’Dwyer MP of the collective investment vehicle (CIV) non-resident withholding taxes paper for public consultation.

The paper is an important step towards ensuring the competitiveness of Australian funds internationally.

FSC CEO Sally Loane said: “Along with the Government’s commitment to introduce new internationally recognised collective investment vehicles and the incoming Asia Region Funds Passport, reform of our complex withholding tax regime is part of a package of measures which will send a clear message to the global market place that Australia is open for business.

“Collectively these measures have the power to provide significant economic benefits to Australia and will drive growth in exports of our funds management products and expertise.”

Research by Deloitte Access Economics for the FSC found that if Australia could grow overseas-sourced funds under management equal to that of Hong Kong over the next decade, our GDP would grow by more than \$4.2 billion, tax revenue would increase by \$1.2 billion and nearly 10,000 jobs would be created.

“Australia’s complex and uncompetitive withholding tax regime was identified as a barrier to exporting our financial services expertise overseas by Mark Johnson AO seven years ago.

“The FSC has long called for reform, so we welcome this latest step and urge the Government to keep going until the job is done,” Ms Loane added.

The *Second Johnson Report*, released in June, identified additional barriers that still remain. These include:

- Treatment of foreign exchange gains and losses under Australia’s taxation rules;
- Lack of multi-currency class investment vehicles;
- Unique regulatory approach under the single Responsible Entity model;
- Lack of recognition of Australian financial services licenses offshore; and
- Uncapped liability on capital for Responsible Entities/product issuers.

Australia’s financial services industry adds more to domestic GDP than any other sector of the economy and is a crucial pillar as the economy transitions from being mining-led to services-led. From this strong base, the industry is well placed to further grow its contribution to the economy. The opportunity cannot be wasted.

**ENDS**

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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 more than \$2.7 trillion on behalf of 13.0 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.