One Investment Group

Submission - Draft Legislation and Draft Explanatory Memorandum

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1. About One Investment Group

1.1 One Investment Group (**OIG**, **we** or **us**) is an independent funds management business specialising in the provision of responsible entity, trustee, custody and administration services.

1.2 Entities within OIG hold Australian financial services licences, authorising them to act as the responsible entity or trustee of registered and unregistered managed investment schemes.

1.3 OIG currently operates numerous registered managed investment schemes and more than 100 unregistered managed investment schemes. The total value of assets within these schemes is in excess of $8 billion across a wide range of asset classes including real estate, private equity, infrastructure, equities, credit and fund of funds.

1.4 We assist clients with the establishment and ongoing operation of investment vehicles which meet the definition of managed investment trust (**MIT**) as currently contained in Schedule 1 of the *Tax Administration Act 1953*. We also act as trustee and/or investment manager for a number of offshore investors including global banks, pension funds, publicly listed companies, endowment funds, private equity managers, insurance companies and listed real estate investment trusts (**REITs**).

1.5 A key motivation for our clients in establishing a qualifying MIT vehicle is to create attractive Australian investment opportunities for offshore investors in order to access the non-resident concessional withholding tax rates provided for under the existing MIT tax regime. We believe that by enhancing the attractiveness of Australian assets for offshore investors this will invariably result in the expansion of potential investors which will subsequently lead to enhanced sale opportunities for Australian assets. Reform in this area of the law is of great interest to us and both our existing MIT and non-MIT clients.

2. Objectives

2.1 This submission relates to the following:

(a) Exposure Draft - *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Bill 2015* (**Bill**); and

(b) Exposure Draft - Managed Investment Trusts – Explanatory Material for the Bill (**EM**).

2.2 As the operator, trustee and/or investment manager of numerous MITs, we believe we are in a position to provide Treasury with industry feedback on the proposed changes to the taxation of MITs.

2.3 The objective of this submission is to address matters which are of particular relevance to the business of our clients, with a broader view of ultimately enhancing the attractiveness of investment in Australian assets by offshore investors.

2.4 We note that the purpose of this submission is not to address all aspects of the Bill or EM.

3. Need for Reform

3.1 We have been following developments in this space closely since the Hon. Chris Bowen MP, the then Assistant Treasurer, announced on 22 February 2008 that the Board of Taxation (**Board**) would undertake a review of the taxation arrangements that apply to managed funds.

3.2 Following the release by the Board in their report on the *Review of the Tax Arrangements Applying to Managed Investment Trusts* in August 2009 (**Report**), we have eagerly anticipated the release of the responding draft legislation.

3.3 OIG, consistent with the Board of Taxation (see, for example, paragraph 2.8 of the Report), views the current taxation provisions contained in Division 6 of Part III of the *Income Tax Assessment Act 1936* (**ITAA 1936**) as being unacceptably complex and uncertain and in desperate need of modernisation.

3.4 We welcome the release of the Bill and EM and are pleased to have the opportunity to submit our views on the proposed legislative changes.

4. Income Attribution Model

4.1 Schedule 2, item 2, Subdivision 276-C of the Bill sets out the new provisions which will implement the proposed attribution model for the taxation of attribution MITs (**AMIT**).

4.2 As stated in paragraph 7.4 of the EM, a key objective of the attribution model is to ensure that a member who invests in an AMIT is taxed on the income and other amounts in broadly the same way that they would have been taxed if they had held the assets of the AMIT directly.

4.3 Under the existing general trust provisions contained in Division 6 of Part III of ITAA 1936, and as noted in paragraph 7.2 of the EM, beneficiaries of an MIT are currently taxed on a share of the net income that reflects the share of trust income to which they are 'presently entitled'. As noted in paragraph 7.3 of the EM, the current model of present entitlement is complex and uncertain.

4.4 We welcome the introduction of an attribution model for AMITs which results in members being taxed on amounts attributed to the member by the trustee of an AMIT.

5. Application of the New Rules

5.1 Meaning of AMIT

(a) Under Schedule 2, item 2, section 276-10 of the Bill, a trust will qualify as an AMIT for a given income year if:

(i) the trust is an MIT in relation to the income year;

(ii) the interests of members in the trust are clearly defined at all times when the trust is in existence in the income year;

(iii) the trust is an MIT in relation to the income year solely because of section 275-40, then the only member of the trust is an MIT; and

(iv) the regulations specify criteria for the purposes of this paragraph, then those criteria are satisfied in relation to the trust.

(b) Schedule 2, item 2, section 276-15 of the Bill then goes on to provide that the interests of members in the trust are clearly defined at a particular time only if:

(i) the trust is registered under section 601EB of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Registered Scheme**) at that time - the following requirements are satisfied:

A. assuming that the trust is an AMIT for the income year in which the time occurs, the amount of each member component for the income year of each member of the trust can be worked out on a fair and reasonable basis; and

B. the right of each member of the trust to the income and capital of the trust cannot be materially diminished through the exercise of a power or right.

(ii) the trust is not a Registered Scheme - the following requirements are satisfied at that time:

A. assuming that the trust is an AMIT for the income year in which the time occurs, the amount of each member component for the income year of each member of the trust can be worked out on a fair and reasonable basis;

B. the right of each member of the trust to the income and capital of the trust cannot be materially diminished through the exercise of a power or right; and

C. the trustee is under an obligation to treat the members who hold interests of the same class equally and members who hold interests of different classes fairly.

D. the constituent documents (such as the trust's constitution and offer document) of the trust can only be modified, or repealed or replaced with new constituent documents:

- by the trustee, if the trustee reasonably considers that the change will not adversely affect members' rights;
- by a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution; or
- by a resolution that has been passed by at least 50% of the total votes that may be cast by members entitled to vote on the resolution.

(iii) after considering the constituent documents of the trust, and any other matter the Commissioner of Taxation (**Commissioner**) considers relevant, then the Commissioner considers that it is reasonable to conclude that the right of each member of the trust to the income and capital of the trust are clearly defined at that time.

(c) We note paragraph 2.24 of the EM refers to "a prospectus" as a type of supporting documentation forming part of a trusts "constituent documents". We respectfully submit this be amended to refer to "an offer document" to reduce confusion when read in the context of interests in managed investment schemes (such as interests marketed pursuant to a product disclosure statement under the *Corporations Act* or an information memorandum).

6. Positive Reforms

6.1 Cost base adjustment rules

(a) As noted in paragraph 7.5 of the EM, under the current state of the law, the cost base and reduced cost base of interests held by a member in a trust (including an MIT) may be adjusted downwards in relation to certain non-assessable distributions made by the trust.

(b) Schedule 4 of the Bill contains the proposed changes to the cost base adjustments for an AMIT member's units, and as summarised by paragraph 7.10 of the EM, the proposed changes allow the cost base of membership interests to be both:

(i) *increased* to reflect amounts of determined trust components included in the member's assessable income; and

(ii) *reduced* to reflect trust distributions the member becomes entitled to, and the value of tax offsets attributed to the member.

(c) Further, and as per paragraph 7.11 of the EM, tax deferred distributions made by an AMIT to a member will be applied to reduce the cost bases of membership interests that are capital gains tax assets and reduce the tax costs of membership interests that are revenue assets.

(d) We believe this is an attractive reform for investors as it recognises the deficiency under the current law which only provides for cost base *reductions* in relation to tax deferred distributions.

(e) One Investment Group welcomes this reform as it will restore fairness to investors against potential double taxation issues.

6.2 Treatment of separate classes of interests as separate AMITs

(a) Schedule 2, item 2, section 276-20 of the Bill proposes to allow a trustee of an AMIT to treat each class of interests in the AMIT as a separate AMIT for an income year where:

(i) the interests in the income and capital of an AMIT for an income year are divided into classes;

(ii) the rights arising from each of those interests in a particular class are the same as the rights arising from every other of those interests in that class;

(iii) each of those interests in a particular class are distinct from each of those interests in another class; and

(iv) the trustee of the AMIT has made a choice in accordance with this section that applies to the income year.

(b) We believe this is a very positive reform as it will encourage offshore investors desiring to acquire Australian assets to invest through an AMIT with multiple unit classes.

(c) For example, an AMIT may be established with multiple classes of units, where each class of unit invests in a wholly-owned sub-trust which undertakes investment activities tailored to the characteristics of the investor and investment.

(d) By enabling the trustee to treat each class of interests in the AMIT as a separate AMIT for tax purposes, efficiency will be significantly increased and the operational cost of such offshore investors making numerous investments in Australia will be reduced.

6.3 Changes to requirements to qualify as a MIT

(a) Expansion of list of 'eligible investors'

(i) Schedule 1, item 3, subsection 275-15(4) of the Bill proposes to modify the widely held requirements so that an eligible investor in a MIT will include:

A. a foreign life insurance company regulated under a foreign law; and

B. an entity that is a wholly owned subsidiary (directly or indirectly) of an entity that is an eligible investor, or two or more entities that are eligible investors.

(ii) We view the addition of foreign regulated life insurance companies as a positive reform as it broadens the range of potential investors that are able to utilise the MIT structure. This in turn has the ability to enhance the returns for such investors, thereby resulting in increasing the attractiveness of Australian assets to offshore investors.

(iii) We believe the addition to entities wholly owned by eligible investors is also a positive reform, providing our clients and broader investors with additional flexibility in terms of structuring their investments whilst maintaining the same underlying ownership.

(b) Extension of the start-up period

The modification proposed by Schedule 1, item 3, subsection 275-5(6) of the Bill, being the extension of the start-up period from six months to twelve months, during which trusts are taken to meet the widely-held (and not closely-held) requirements to qualify as a MIT, is a positive reform welcomed by us.

6.4 Rectification of errors in calculating taxable income

(a) As stated in paragraph 1.11 of the EM, one of the benefits an AMIT will have under the new tax regime is the ability to reconcile a variance between amounts actually attributed to members for an income year, and amounts that should have been attributed to members, in the income year the variance is discovered (the 'unders and overs' regime).

(b) The 'unders and overs' regime, set out in Schedule 2, item 2, Subdivision 276-G of the Bill, addresses the difficulties faced by trustees in performing tax calculations given time constraints and limited access to accurate information.

(c) Under the proposed 'unders and overs' regime, as summarised in paragraph 4.11 of the EM, when a trustee of an AMIT discovers an under or over of a particular AMIT character for an income year, the trustee can:

(i) attribute the under or over to members in the discovery year by adjusting the trust component of the relevant AMIT character in that year, thereby reconciling a variance in the income year in which the variance is discovered; or

(ii) reissue AMIT member annual statements (**AMMA statements**) for the income year to which the variance relates to members, thereby reconciling a variance in the income year to which the variance relates.

(d) The flexibility for a trustee to either reissue an AMMA statement, which is equivalent to the current position, or to adjust the trust component of the relevant AMIT character in the discovery year, is welcomed by us. This change recognises the difficulties trustees face when preparing statements, and gives trustees the ability to alleviate the burden of amending tax returns on members.

(e) We view this as a positive reform as it recognises the timing constraints and complexities involved in calculating the tax distribution components faced by trustees. The introduction of the 'unders and overs' regime is seen as a positive step for trustees in terms of managing their tax reporting obligations as well as providing a simplified method for investors to reconcile disclosure variances, thereby ensuring greater certainty for investors in terms of their ultimate tax position.

6.5 Debt-like AMIT instruments

(a) Schedule 2, item 2, section 276-695 of the Bill provides that an interest in an AMIT is a debt-like AMIT instrument in relation to the AMIT if:

(i) any distribution relating to the interest is fixed, at the time the interest was created, by reference to the amount subscribed for the interest, but is solely at the discretion of the trustee of the AMIT;

(ii) the interest, and any other interest in the AMIT that is in the same class as the interest, would rank above all membership interests in the AMIT if the trust ceases to exist, or the scheme is under administration or is being wound up (where the AMIT is a managed investment scheme); and

(iii) in a case where, in relation to a particular period, the trustee of the AMIT does not make a distribution relating to the interest - making another distribution of any of the following kinds, in relation to that period, is prohibited by the constituent documents of the AMIT:

A. a distribution relating to any membership interest in the AMIT; and

B. a distribution relating to a membership interest in another entity, if that interest is stapled together with a membership interest in the AMIT.

(b) Further, Schedule 2, item 2, section 276-700 of the Bill provides that, except in relation to the meaning of an AMIT and MIT, a debt-like AMIT instrument is to be treated as a debt interest in the AMIT, with distributions on a debt-like AMIT instrument being recognised as a cost incurred by the AMIT, and the holder of a debt-like AMIT instrument is to treat the receipt of such a distribution as interest.

(c) Although the proposed rule for debt-like AMIT instruments is narrow, we view this as a positive reform as it recognises the commercial reality of the finance needs of MITs, without precluding MITs from qualifying as an AMIT or accessing the attribution benefits.

(d) One Investment Group welcomes the clarification and certainty that the new provisions will provide for both trustees and investors.

7. Concerning Items

7.1 Trustee administrative penalty

(a) Schedule 2, item 5, section 288-115 of the Bill proposes to introduce an administrative penalty for intentional or reckless disregard of the law by the trustee of an AMIT.

(b) The trustee of an AMIT for an income year would be liable for an administrative penalty under this section if the trust's overall base year shortfall or excess exceeds the trust's net variance threshold, and at least one of the following items apply:

(i) the overall base year shortfall or excess resulted from intentional disregard of a taxation law by the trustee (or any of the other trustees) of the AMIT; or

(ii) the overall base year shortfall or excess resulted from recklessness by the trustee (or any of the other trustees) of the AMIT as to the operation of a taxation law.

(c) The amount of the penalty the trustee is liable to pay is based on the top marginal tax rate (including the Medicare levy and any other temporary Budget repair levies) and is worked out using the table contained in the proposed new section.

(d) OIG is of the view that the introduction of a trustee administrative penalty, whilst intended to encourage accountability in trustees and protection for investors, may in fact result in an overall negative impact for investors in the form of higher administration costs, particularly where the administrative penalties are ultimately borne by investors.

(e) Although trust constitutions typically provide that a trustee is not indemnified out of the assets of the trusts with respect to a liability to the extent that the trustee has acted negligently, fraudulently or in breach of trust, the circumstances giving rise to the imposition of the trustee administrative penalty may not be sufficient for the trustee to lose their right of indemnity from the assets of the trust. This would result in the cost of the administrative penalty being ultimately borne by the members of the trust. In any event, greater administrative costs are likely to be incurred by the trust to reduce the likelihood of any such penalty being imposed.

(f) Whilst the proposed administrative penalty is seen by the legislature as "consistent" with other penalties imposed on individual taxpayers for tax shortfalls, it is noted that the circumstances affecting individual taxpayers versus AMIT trustees are not the same. In this regard, it cannot be said that the motivations of an individual taxpayer in managing their tax affairs is in any way consistent with that of a trustee in performing its contractual and legal obligations in managing the tax affairs of the AMIT. One of these key differences is recognised throughout the EM, being the time restraints and

information limitations that often hinder a trustee's ability to accurately prepare the tax calculations and distribution statements for an AMIT.

(g) The subjective nature of the penalties, where the Commissioner is of the view that an AMIT's base year shortfall or excess is the result of the trustee's "intentional" or "reckless" disregard of the law, will invariably introduce a level of uncertainty for trustees in performing their annual tax calculations and reporting duties. This is likely to result in substantially higher annual tax compliance costs for the AMIT as the trustee seeks to minimise such exposure or transfer the risk to the taxation agent.

(h) On this point, OIG respectfully submits that whilst it is not opposed to the need for an administrative penalty in cases of clear "intentional" or "reckless" disregard of the law, further guidance (over and above the three points raised in paragraph 4.75 of the EM) is warranted to provide trustees and investors with some level of comfort in relation to their potential exposure and to avoid the time and financial costs associated with challenging the imposition of this administrative penalty.

7.2 Challenge of the determined member component by members

(a) Schedule 2, item 2, section 276-205 of the Bill defines the taxable 'member component', in relation to a particular AMIT character, as the determined 'member component' of that character for the income year. However, the member may notify the Commissioner within four months after the end of the member's income year of their 'choice', in writing, stating the following:

(i) the income year to which the choice relates;

(ii) what the member considers to be the member's 'member component' of that character for the income year; and

(iii) the reason why the member considers that the determined 'member component' of that character for the income year does not accord with subsections 276-215(2), (3) and (4), that is, why the member considers:

A. the attribution was not worked out on a fair and reasonable basis, in accordance with the constituent documents of the AMIT; or

B. the attribution attributed any part of a determined trust component of a particular AMIT character to a member's membership interests because of the tax characteristics of the member.

(b) The member must also give the trustee of the AMIT notice in writing specifying the same within four months of the end of the member's income year (see Schedule 2, item 2, subsections 276-205(2) and (5) of the Bill).

(c) Given the assessment above is directed toward determining whether the attribution made by the trustee was worked out on a fair and reasonable

basis, and does not look at whether there are other methods which could have been used to produce a fairer or more reasonable attribution, we do not expect the ability for an investor to dispute the methodology employed by the trustee (as currently drafted) will pose significant issues for trustees of AMITs.

(d) As an operator of "funds of funds", which holds interests in MITs operated by other operators (and which may meet the definition of an AMIT), OIG welcomes the inclusion of this mechanism as a means to ensure the correct amounts are attributed to the interests it holds on behalf of members.

(e) However, OIG would oppose any amendments to this right for members which would increase the scope of the assessment of the attribution made by the trustee. If the assessment or the grounds for disputing the attribution are broadened, then there is a risk individual members could cause unnecessary costs being incurred by the trust, which would diminish the value of the trust's assets and increase financial and time cost burdens on other members.

7.3 Non-arm's length rule

(a) Paragraphs 5.50 to 5.59 of the EM provide an overview of the operation and application of the non-arm's length rule, as contained in Schedule 2, item 2, section 276-670 of the Bill. Essentially, if an AMIT derives non-arm's length income, the trustee is taxable on the non-arm's length income at the top marginal tax rate provided that:

(i) the non-arm's length income is reflected in one or more of the AMIT's trust components for the income year;

(ii) the AMIT is a party to a scheme where the parties to the scheme are not dealing with each other at arm's length; and

(iii) at least one of the parties to the scheme is not an AMIT for the income year.

(b) As stated in paragraphs 5.9 and 5.50 of the EM, the non-arm's length income rule is intended to remove the incentive for an AMIT to shift profits from an active business of a related party by engaging in non-arm's length activity.

(c) However, as currently drafted, the proposed non-arm's length income rule is broader than originally recommended by the Board in the Report. In Recommendation 10, as contained in the Report, the Board recommended that arm's length rules should apply to transactions between common interests or related interests of an MIT, including but not limited to subsidiaries and stapled entities.

(d) Although the Bill contains a transitional rule (Schedule 8, item 2, section 276-670T of the Bill) which will result in income derived by an AMIT before

1 July 2017 not being taxed as non-arm's length income where the AMIT became a party to the relevant scheme prior to the date the Bill was introduced into the House of Representatives, we respectfully submit the scope of the arm's length rule be narrowed as, in its current form, a broad range of arrangements would need to be reviewed by trustees of AMITs to determine whether the terms of such arrangements are at arm's length. This will result in large compliance costs which will ultimately be borne by members.

(e) Further, we submit the non-arm's length rule be amended to only apply to transactions between common interests or related interests of an AMIT. This will greatly reduce assessment and compliance costs as AMIT trustees will not be required to undertake an arm's length assessment of agreements entered into with unrelated entities.

(f) Finally, we note that the non-arm's length rule as currently drafted is only intended to apply to AMITs. The effect of this narrow application may in fact deter existing and new MITs from seeking to qualify as an AMIT, particularly those MITs that are stapled with other entities, for fear of exposure to the penalty tax.

7.4 Changes to constituent documents

(a) At paragraph 2.42, the EM notes trustees of existing MITs will need to embark on due diligence activities to determine whether changes are required to be made to trust deeds or other materials in order to apply the new tax system.

(b) We understand the additional requirements imposed on managed investment schemes that are not Registered Schemes in relation to modifying, replacing or repealing constituent documents are designed to ensure similar obligations which apply to Registered Schemes (such as requirements imposed under section 601GC of the *Corporations Act*) apply to non-Registered Schemes in order for such schemes to have the benefits given to AMITs under the new regime.

(c) Our concern is the circumstances in which a trustee could reasonably consider that the change to a trusts constitution will not adversely affect members' rights are limited. This is especially so given the line of recent cases considering a responsible entity's power to make unilateral amendments to a scheme's constitution under section 601GC(1)(a) of the Corporations Act. These cases have concluded that only amendments that are minor or administrative in nature can be made unilaterally. Under the proposed new AMIT framework, any changes made for the purposes of qualifying as an AMIT would likely be for the purpose of making a members' interests "clearly defined" and consequently trustees will likely opt for holding members meetings to approve any such changes to the constitution to enable the trust to meet the meaning of an AMIT, at the trust's expense.

(d) Given this, we respectfully submit the introduction of the changes by the Bill be accompanied by the granting of class order relief by the Australian Securities and Investments Commission (**ASIC**) to relieve trustees from the requirement to obtain member approval to amend a trust's constitution in order to qualify as an AMIT. It is our view this approach is more favourable, in terms of uncertainty, time and financial costs, than requiring trustees to seek the exercise of the Commissioner's discretion to treat an MIT as having "clearly defined" interests.

(e) We note historically, ASIC has issued Class Order [CO 05/566] - *Managed investment schemes: perpetuity clauses in scheme constitutions* to allow for the removal of a perpetuity clause from a managed investment scheme's constitution by the trustee without the need to obtain member approval as part of the introduction on the Australian equivalents to the International Financial Reporting Standards (**IFRS**), treating funds contributed by members as debt rather than equity.

(f) We respectfully submit that ASIC should take a similar approach in relation to the implementation of the changes to Registered Schemes and issue class order relief to allow responsible entities to make unilateral constitutional amendments to a scheme's constitution in order to facilitate the scheme becoming an AMIT, regardless of whether the proposed changes may be adverse to members' rights. This will avoid scheme members having to incur the expenses associated with holding a meeting of members to approve the proposed changes.

(g) Further, we submit trustees of unregistered managed investment schemes ought to be able to rely on ASIC Class Order [CO 09/552]. This relief enables a responsible entity of a Registered Scheme to modify or repeal and replace the scheme's constitution where a meeting of members cannot be held or where all interests in the scheme have been issued in circumstances where a product disclosure statement was not required, and is conditional on members providing unanimous written consent to the proposed change to the constitution. The proposed Bill does not allow for this as currently drafted.

(h) Finally, we also have concerns that changing the terms of the constitution to meet the "clearly defined" test may have undesirable tax consequences in the form of potential resettlement issues. This is because, notwithstanding Taxation Determination TD 2012/21 and the comments contained in paragraph 2.44 of the EM, there is no equivalent uniform law or ruling from the relevant State Revenue Authorities in relation to the stamp duty impacts resulting from such constitutional changes. Whilst it is acknowledged that the stamp duty ramifications cannot be addressed directly by the Treasury through changes to the Bill, we note that his concern nonetheless exists within the industry.

8. Start Date of the New Rules

8.1 Schedule 8 of the Bill contains the start dates for the application of the amendments to be made by the Bill, and provides that the following schedules apply to assessments for income years starting on or after 1 July 2015:

(a) Schedule 1 - Managed investment trusts.

(b) Schedule 2 - Attribution managed investment trusts.

(c) Schedule 3 - Withholding MITs and fund payments.

(d) Schedule 4 - Annual cost base adjustment for member's unit or interest in AMIT.

(e) Schedule 5 - 20% tracing rule.

(f) Schedule 6 - Consequential amendments.

(g) Schedule 9 - Definitions.

8.2 It is our understanding that allowing existing trusts to *elect* into the new regime is currently being considered in relation to the proposed Bill. We support the introduction of an elective start date and submit that Schedule 8, sub-item 1(1) of the Bill be amended as follows:

> *The amendments made by Schedules 1, 2, 3, 4, 5, 6 and 9 apply to assessments for income years starting on or after **1 July 2016.** However, an entity may elect for the amendments made by Schedules 1, 2, 3, 4, 5, 6 and 9 to apply to assessments for income years starting on or after 1 July 2015.*

8.3 Although the proposed reforms under the Bill will bring about numerous positives to the industry and investors, we can foresee circumstances in which compliance with the new regime may not always be in the best interests of the members, given the costs which may be involved in implementation (including costs relating to the implementation of new systems and procedures to meet reporting and other requirements, and the review of constituent documents to determine whether member's interests are 'clearly defined').

8.4 In the event that an elective start date is not accepted, we submit that the start date for the Schedules identified in paragraph 8.1 above remain as currently drafted.

9. Summary

One Investment Group largely supports the amendments proposed by the Bill as bringing much needed reform to the taxation of managed funds.

While there are many positive aspects of the proposed regime, there are a number of facets which concern us. We welcome the opportunity to discuss the items of concern raised in this submission further with Treasury, with a view to ensuring the policy objectives are achieved to the fullest extent, in line with ensuring a fair and effective AMIT framework going forward.

10. Further Information

If you would like to discuss this submission further, please contact Justin Epstein on +61 2 8277 0000 or by email at justin.epstein@oneinvestment.com.au.

Justin is a founding partner of the One Investment Group and an Executive Director.