

4 May 2016

AMIT legislation a welcome initiative

The introduction of Attribution Managed Investment Trusts (AMITs) will give Australian investors far greater access to Asian markets, and is a significant step in helping Australian funds compete internationally, says Harvey Kalman, Executive General Manager Corporate Trustee Services with Equity Trustees.

The Bill which opens the way for the AMITs scheme was passed by the Australian Senate today (4 May, 2016), and follows last week's news that the Asian Funds Passport will come into effect at the end of next year.

"These long-awaited moves provide a major boost for Australia to be recognised as a centre for investment product development and management," Mr Kalman said.

"However, while these initiatives are, without question, positive, there is still work to be done to better enable the ability for global distribution of local trusts and to take best advantage of the strength of our financial sector and its ability to compete to benefit local and offshore investors and the economy overall.

"In addition, we need to ensure fiduciary interest is at the forefront of the system. Equity Trustees believes that an independent trustee or responsible entity is the best model for ensuring this," Mr Kalman said.

The start date for the AMIT regime is 1 July 2016, however AMITs have been able to elect to transition into the new tax regime from 1 July 2015.

Mr Kalman said the positive changes of the new tax system for AMITs include:

- A new attribution model for determining unit holder tax liabilities, which allows amounts to retain their tax character as they flow through a MIT to the final unit holder
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements
- deemed fixed trust treatment under the income tax law
- upwards cost base adjustments to address double taxation
- legislative certainty about the treatment of tax deferred distributions and
- the key change, which is the ability to create multi-currency classes within a fund.

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Equity Trustees was established in 1888 for the purpose of providing independent and impartial Trustee and Executor services to help families throughout Australia protect their wealth. As one of Australia's largest and oldest listed independent trustees, we offer a diverse range of services to individuals, families and corporate clients including aged care advice, asset management, estate planning, philanthropic services and Responsible Entity (RE) services for external Fund Managers.

Equity Trustees Limited is a subsidiary of EQT Holdings Limited. EQT Holdings Limited is a publicly listed company on the Australian Securities Exchange (ASX: EQT) with offices in Melbourne, Kew, Sydney, Brisbane and Perth.

Media inquiries:

Harvey Kalman
Executive General Manager, Corporate Trustee Services
03 8623 5301/+613403066749
hkalman@eqt.com.au

Alicia Patterson
Senior Manager – Marketing & Communications
03 8623 5396 / +613403 172 024
apatterson@eqt.com.au