



ASSISTANT TREASURER

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**PRESS
RELEASE**

NEW TAX CERTAINTY FOR MANAGED INVESTMENT TRUSTS AS LEGISLATION PASSES PARLIAMENT

The Assistant Treasurer, Senator Nick Sherry, has welcomed the passage today of legislation containing the 2009-10 Budget measure to allow a managed investment trust (MIT) to elect to have the capital gains tax regime as the primary code for taxing gains and losses on the disposal of certain investments.

“With the Parliament’s passing of this Bill, the Rudd Government has delivered on a Budget commitment to improve the tax regime for managed investment trusts,” said the Assistant Treasurer.

“Ultimately this measure will boost both tax certainty and managed investment flows, which will increase the global competitiveness of the Australian funds management industry.”

“According to the Australian Bureau of Statistics, the Australian managed funds sector held over \$1.2 trillion in funds under management in 2009 (including superannuation) and this new law will ensure Australia’s tax regime remains competitive in attracting foreign funds.”

The measure will allow an eligible MIT to make an irrevocable election to treat gains and losses on disposal of certain investments, primarily shares, units and real property, on capital account with effect from the 2008-09 income year.

If an eligible MIT does not elect capital account treatment, then gains and losses on disposal of shares and units will be treated on revenue account.

The changes will provide certainty to MITs and investors for prior year assessments that may have been prepared on the basis of an incorrect assumption about the operation of the law, as the Commissioner of Taxation will be unable to amend assessments in respect of the re-characterisation of gains and losses from eligible assets, unless the taxpayer consents.

The changes will also clarify that distributions on 'carried interest' units in a MIT, and disposals of such units, are treated on revenue account.

The revenue account treatment for disposal of shares and units by a MIT and 'carried interest' units will take effect from Royal Assent.

Proposed changes to the general definition of 'managed investment trust' are to be introduced into Parliament at a later date.

CANBERRA

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