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## **Collective investment vehicle non-resident withholding taxes Consultation Paper November 2016**

Thank you for the opportunity to comment on the proposed '*Collective investment vehicle non-resident withholding taxes Consultation Paper November 2016*' (*Consultation Paper*).

The Property Council is the peak body representing the interests of owners and investors in Australia's \$670 Billion property investment industry. The Property Council represents members across all four quadrants of property investment, debt, equity, public and private.

The Property Council understands that the scope of the proposed review of non-resident withholding tax arrangements excludes distributions by MITs that hold direct property & infrastructure interests (Property MITs).

Currently a single set of withholding tax rules apply to all MITs regardless of the investments of the MIT (albeit that different withholding tax rates apply to different classes of income). It may create some complexity if different withholding tax rules apply to MITs based on their investment classes. Further, there may be complexity as income from underlying direct property investments flow up through a chain of investment entities.

In this regard, the Property Council would like to request clarification on how 'Proposal B' & 'Proposal C' as outlined in paragraph 5.2 and 5.3 of the Consultation Paper respectively, would account for distributions from equities & property securities funds which include distributions from underlying Property MITs (such as listed property trusts).

For example, will there be a character based test to ensure the proportion of the distribution that relates to a distribution from an underlying Property MIT is taxed at a 15% withholding tax rate, or does this portion of the distribution by the investing MIT attract the proposed flat 5% withholding tax rate?

The Property Council would also be concerned with any proposed changes to the withholding tax rules for CIVs and MITs under the ARFP if these changes resulted in adverse changes to the withholding tax rules (rates) or other taxes that apply to MITs that hold direct property interests or to direct property investments.

We look forward to discussing this further with you after you have had a chance to consider the submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'AM', with a long horizontal flourish underneath.

Andrew Mihno  
**Executive Director, International and Capital Markets**