



28 September 2012

Mr Tony McDonald
Manager
International Tax Treaties Unit
International Tax and Treaties Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Tony

Invitation to comment on the model IGA

Letter of support for the FSC submission

IOOF Holdings Ltd ("IOOF") welcomes the opportunity to provide comments to the Treasury regarding an Intergovernmental Agreement (IGA) to implement FATCA.

IOOF is a listed diversified financial services company and is one of the 200 largest companies listed on the Australian Securities Exchange (ASX). As at March 31st 2012, IOOF managed or supervised \$110.2 billion on behalf of our clients.

IOOF products include managed investment funds, public-offer superannuation funds and Small APRA Fund ("SAF") superannuation funds. IOOF also provides administration services for Self-Managed Superannuation Funds ("SMSFs").

IOOF has been involved in the various Financial Services Council (FSC) submissions regarding FATCA, including the current submission to Treasury regarding a FATCA IGA.

In this letter, IOOF emphasises our support for the FSC's submission regarding a FATCA IGA. We also provide a short summary of the key benefits that IOOF perceives an IGA will provide.

If you would like to discuss this submission, please contact Mark Seemanpillai on +61 2 9028 1096 (Mark.Seemanpillai@ioof.com.au) or Thomas Robertson on +61 2 9028 5953 (Thomas.Robertson@ioof.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to be 'Christopher Kelaher', written over a horizontal line.

Christopher Kelaher
Managing Director



Summary of benefits under an Intergovernmental Agreement for FATCA

IOOF strongly supports the Australian government entering into a reciprocal “Model I” type IGA.

The key benefits of such an IGA include:

Deemed-compliant or exempt status for low-risk financial products, including superannuation.

- We believe the capture of Australian superannuation products by FATCA is an unintended consequence that an IGA will rectify. Given that the Australian superannuation services sector manages approximately \$1.3 trillion of retirement savings¹, this outcome is of vital importance to the financial services sector and consumers.
- IOOF believes that any IGA reached should ensure that the deemed-compliant or exempt FATCA status is extended to SAF and SMSF superannuation products.

Reduction in the compliance burden for industry and consumers.

- The proposed FATCA Regulations, if implemented in the absence of an IGA, have ramifications for nearly all existing and future accounts opened with IOOF. Furthermore, IOOF estimates that over 100 separate FATCA agreements will need to be signed between IOOF and the US Inland Revenue Service before 1st July 2013.
- The various provisions of the Model I reciprocal IGA will considerably alleviate the compliance burden placed on IOOF and our clients. By extension, an IGA will similarly reduce the burden on the financial services industry and consumers.

A pathway to certainty.

- IOOF is currently preparing for the considerable and costly obligations of the proposed FATCA Regulations, which commence from the 1st July 2013.
- The Model I reciprocal IGA, as well as the signed United Kingdom IGA, both reduce the obligations of the Regulations and delay much of the phase-in of obligations.
- These differences between the Regulations and the Model I reciprocal IGA create much uncertainty, which is particularly unwelcome during this period of significant change in the regulatory landscape.
- IOOF recognizes that the proper appreciation of any IGA by the government will require time. If, however, the proposal to implement an IGA was accepted, the immediate public announcement of this decision (such as through a ‘memorandum of understanding’ with the US) will provide a valuable degree of certainty for our FATCA preparations.

¹ ASFA, “Establishing an academic research program with the superannuation sector”, discussion paper, July 2012.