



Compliance Committee Forum

Update on current tax issues

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What we are covering today



**Clean building
managed
investment trust
proposed changes**



**Build to rent
proposals**



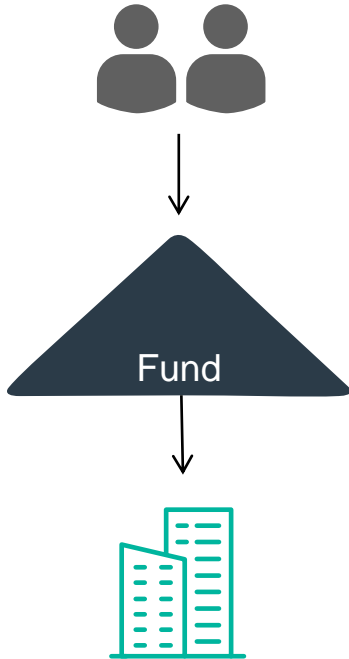
**Indirect tax
changes in
Victoria**



**Public trading
trust provisions,
crypto, carbon
offsets and other
assets**

Update on tax issues

Clean building managed investment trust (existing rules)



Investors

Resident in an information exchange country
Withholding tax capped at 10% on fund payments

Funds

'Withholding MIT' holding one or more 'clean buildings'
Derives income solely from 'clean buildings'

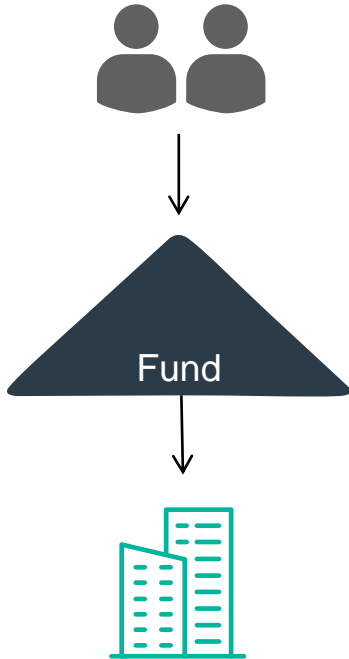
Assets

Office building, hotel*, or shopping centre
5-star GBCA rating or 5.5-star NABER rating

Construction must have commenced after 1 July 2012

Update on tax issues

Clean building managed investment trust (existing rules)



Key changes proposed

Extension to data centres and warehouses

Buildings to meet 6-star NABER or 6-star GBCA rating

Construction commences after 9 May 2023

Fund payments made on or after 1 July 2025

Consultation on transitional arrangements

Update on tax issues

Build to rent (BTR) developments

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- 1 ▶ BTR currently non-concessional MIT income (unless affordable housing)

 - 2 ▶ Proposed changes in Budget for project construction post 9 May 2023

 - 3 ▶ Capital works (depreciation) deduction increased to 4% (from 2.5%)

 - 4 ▶ Eligible MIT fund payments reduced from 30% to 15%

 - 5 ▶ Must have 50 or more apartments or dwellings available for rent

 - 6 ▶ Single ownership for at least 10 years

 - 7 ▶ Lease term of at least 3 years for each dwelling

 - 8 ▶ Consultation on minimum proportion of affordable housing
-

Update on tax issues

Indirect tax issues



Economic entitlements and DA-065 (draft) in Victoria



COVID debt levy and land tax changes in Victoria



Proposed changes to transfer duty on commercial property and industrial properties



These changes should be factored into feasibility and budget cost analysis for managed funds holding commercial and industrial property

Update on tax issues

COVID debt levy and land tax changes

Reduction in tax-free threshold for general taxpayers
from \$300,000 to \$50,000

Changes effective from the 2024 land tax year

For landholdings between \$50,000 and \$100,000	For landholdings between \$100,000 and \$300,000	For landholdings above \$300,000 (\$250,000 for Trust taxpayers)
Temporary fixed charge of \$500	Temporary fixed charge of \$975	A fixed charge of \$975 Land tax rate increase by 0.1%

Change in rates and tax-free threshold meant to be temporary (for 10 years), but will it be?

Update on tax issues

Transfer duty reform

Commercial and industrial properties to transition to a new system as they are sold



Annual property tax equal to 1% of the land's unimproved value to be payable 10 years after the sale transaction

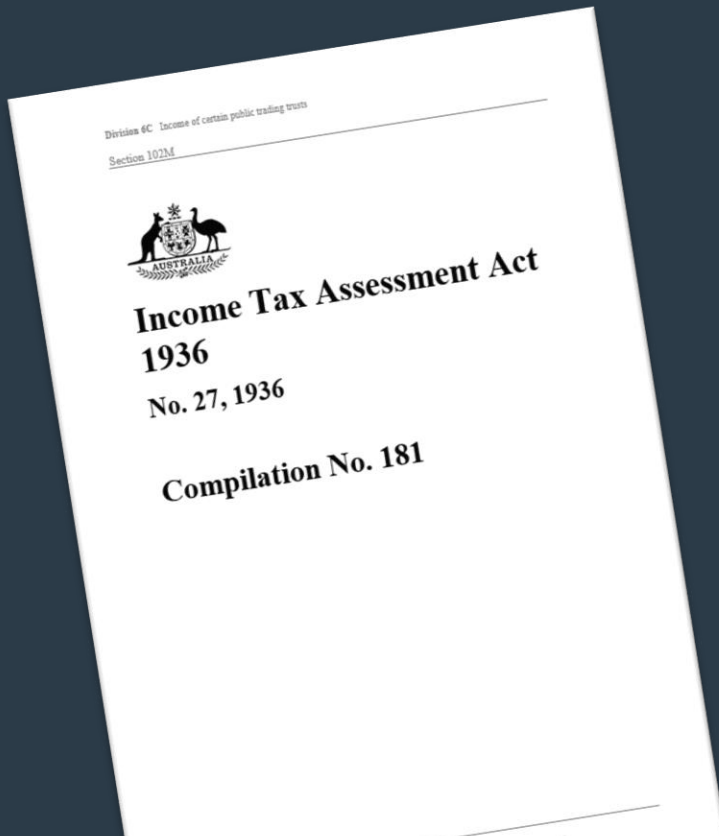


First purchaser after 1 July 2024 eligible to choose to pay final duty liability as a lump sum, or as fixed instalments over 10 years – interest will apply

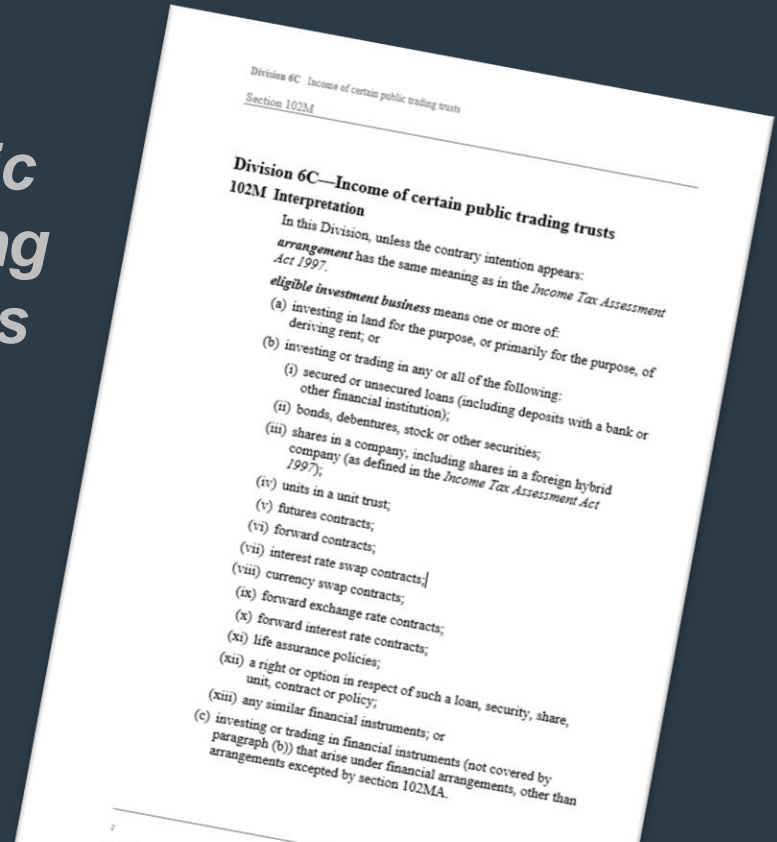


After 10 years duty will no longer be payable when the property is sold and the annual property tax will apply

Note New regime does not apply to current owner of any commercial or industrial property purchased before 1 July 2024



Public trading trusts



Definition of an eligible investment business has **not been updated** sufficiently **for modern arrangements and modern financial type instruments**

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