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Dr Kathleen Dermody  
Committee Secretary  
Senate Economics Legislation Committee  
Parliament House  
Canberra ACT 2600

By email

Dear Dr Dermody

I refer to your email to Craig Meller on 5 February seeking submissions to the Committees Inquiry into the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Bill 2015 and associated bills [Provisions].

We thank the Committee for the opportunity to make this brief written submission.

AMP supports the Bill in its current form. In our view, the Bill has been developed after extensive public discussion and consultation, including with the major stakeholders. These stakeholders included the Treasury, ATO, PCA, FSC and ACSA.

We consider that immediate introduction and enactment of this legislation is critical to the effective commencement of the new regime. Industry has been waiting for this regime for many years.

Once the legislation is passed, managed fund trustees must consider whether entry into the regime is in the best interest of unitholders as a whole. If a trustee considers it is in the best interests of unitholders, a number of documentation changes will be required to amend constituent documents (i.e. constitutions and trust deeds). Funds must also amend their product disclosure statements to reflect the impact of the new rules on investors and make the appropriate system changes.

Many trustees consider that the new regime will benefit unitholders and have been planning to undertake the decision process and required implementation for some time. These decisions and implementation plans will be affected if the legislation is further delayed.

We are aware of some concerns raised by some participants in relation to the Bill. We understand that this relates to a custodian's liability to deduct and remit withholding tax on deemed fund payments where the attributed amount exceeds the cash distribution. These concerns have been considered extensively in the course of the consultations and, in our opinion, are adequately dealt with by both the legislation and by commercial arrangements which can be entered into by issuers, custodians and non-resident investors.

As the legislation is detailed, we support a post-implementation review within 18-24 months of

its passage. This will allow a formal mechanism for review of any unintended consequences that may arise as the industry moves into the implementation phase.

We commend the Bill to the Committee.

If you would like any further detail, please do not hesitate to contact John Kirkness, Head of Tax – Insurance and Super on

Yours sincerely

Alastair Kinlock  
Director – Government Affairs