

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

29 May – 31 May 2012

**Question: BET 107**

**Topic: Managed Investment Trusts**

**Hansard Page: Wednesday 30 May 2012, page 81**

**Senator CORMANN asked:**

Senator CORMANN: Indeed. Does the increase in revenue from this measure include any assumptions about expected changes to investor behaviour and, if so, what are they?

Mr T McDonald: I would have to take that on notice.

Senator CORMANN: You do not recall or you do not have that information?

Mr T McDonald: I do not recall.

Senator CORMANN: You would assume it would.

Mr T McDonald: I just do not want to mislead you by relying on a recollection from some time ago. If there is an estimate or if there is an allowance for that, it would not be large, for the reasons that I mentioned before.

Senator CORMANN: You may also be able to provide on notice how the 15 per cent rate compares with other countries in the Asian region.

Senator Wong: It brings us into line with the United States and Hong Kong. I can tell you that.

**Answer:**

Question 1.

The costing of the measure assumes that behavioural changes resulting from the measure will reduce the level of affected managed investment trust fund payments by 3 per cent in 2012-13, and 5 per cent thereafter, relative to the no behavioural change baseline projection. This assumption reflects the net impact on investment across different investment structures.

Question 2.

Comparison with other countries in the Asian region

Country	Withholding treatment of distributions from MITs / REITs to non-residents	Company tax rate
Australia	15 per cent for residents in exchange of information countries, 30 per cent otherwise	30 per cent
Hong Kong	No withholding –subject to a property tax of 15 per cent	16.5 per cent
Singapore	10 per cent for individuals until 31 March 2015 – then 17 per cent	17 per cent

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Japan	7 per cent for individuals in listed REITs (to be lifted to 15 per cent in 2014), 20 per cent generally.	38 per cent
South Korea	22 per cent (Rates may be reduced under treaties)	24 per cent