

Australia updates list of EOI countries for MIT withholding tax purposes

28 November 2018

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In brief

Regulations have now been made to give effect to the Federal Budget announcement made on 8 May 2018 to update the list of Exchange of Information (EOI) countries to reflect the new effective EOI arrangements that Australia has entered into since 2012.

Residents of these new EOI countries will now be able to access the concessional managed investment trust (MIT) withholding tax rate of 15 per cent (or in certain cases 10 per cent) in respect of qualifying MIT distributions from 1 January 2019.

In detail

The [*Taxation Administration Amendment \(Updating the List of Exchange of Information Countries\) Regulations 2018*](#), registered on 23 November 2018, adds 54 new countries (including Switzerland and Luxembourg) to the list of EOI countries included in Regulation 34 of the *Taxation Administration Regulations 2017*.

Specifically, the following countries were added to the relevant Regulation:

Albania, Andorra, Austria, Azerbaijan, Bahrain, Barbados, Brazil, Brunei, Bulgaria, Cameroon, Chile, Colombia, Costa Rica, Croatia, Cyprus, Dominica, Estonia, Faroe Islands, Georgia, Ghana, Greece, Greenland, Grenada, Guatemala, Iceland, Israel, Kazakhstan, Kenya, Latvia, Liberia, Liechtenstein, Lithuania, Luxembourg, Marshall Islands, Moldova, Montserrat, Nigeria, Niue, Philippines, Portugal, Samoa, Saint Lucia, Saudi Arabia, Senegal, Seychelles, Sint Maarten, Slovenia, Switzerland, Tunisia, Turkey, Uganda, Ukraine, Uruguay and Vanuatu

Residency in an EOI country is the key condition for investors to benefit from the concessional MIT withholding tax rate of 15 per cent (or in certain cases 10 per cent) in respect of qualifying MIT distributions. This means that foreign investors that hold interests in an Australian MIT (or Attribution MIT) and are tax resident of any of these countries should now be able to access the concessional MIT withholding tax rate from 1 January 2019.

The takeaway

The addition of 54 further countries to the EOI list will make the MIT regime directly accessible to a larger number of new investors. Luxembourg, in particular, is a welcome addition to the list of EOI countries given its prevalence as a fund location. Global fund managers will now have additional flexibility in considering the location of their fund vehicles when investing into Australian MITs or Attribution MITs. The addition of Luxembourg as an EOI country should also simplify Australian structuring considerations going forward for global, regional and Australian specific funds which target European investors and want to offer a European fund entity.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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