

Australian Taxation Office releases draft views on new non-concessional MIT income rules from 1 July 2019

NEW! EY Tax News Update: Global Edition

EY's new Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

On 26 June 2019, the Australian Taxation Office (ATO) released a draft law companion ruling [LCR 2019/D2 \(the ruling\)](#) which provides the Commissioner's preliminary views on the new non-concessional managed investment trust (MIT) income foreign resident withholding tax rules that will apply to income years commencing on or after 1 July 2019.

The new "non-concessional" designation is for certain types of MIT income including:

- ▶ MIT cross-staple arrangement income
- ▶ MIT trading trust income
- ▶ MIT agricultural income
- ▶ MIT residential housing income

Affected fund payments will be subject to MIT withholding tax at 30%, subject to transitional rules and exemptions (which differ according to MIT income type). The rules introduce potential significant tax policy, operations and systems changes for affected businesses.

The 62-page draft ruling covers the key aspects of the measures, with a focus on MIT cross-staple arrangement income, providing guidance on:

- ▶ When an amount is derived, received or made by a MIT
- ▶ The meaning of "cross-staple arrangement"

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 003111-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com