



MEDIA RELEASE

Thursday 14 May 2020

FSC WELCOMES PERMANENT CAPITAL GAINS TAX ROLLOVER RELIEF FOR MERGING SUPERANNUATION FUNDS

The Financial Services Council (FSC) welcomes the passage today of legislation to provide permanent Capital Gains Tax (CGT) rollover relief for superannuation fund mergers.

The relief, which would have expired on 1 July without the *Treasury Laws Amendment (2020 Measures No. 1) Bill 2020*, reduces the tax liability that could arise for fund members when superannuation funds merge, removing a significant barrier to mergers.

FSC CEO Sally Loane welcomed the legislative certainty for superannuation fund mergers, but expressed disappointment that the new laws also contained changes which will create more unnecessary taxation on Australia's managed funds.

"With many merger and consolidation programs underway across the superannuation industry, it is vital that superannuation funds have certainty that existing policy settings will continue," Ms Loane said.

"This relief has been extended several times, and we are pleased to see the Government delivering on its Budget announcement to make this a permanent policy.

"However, the legislation also contains changes to the definition of Significant Global Entity (SGE) to include managed investments – this will impose an unnecessary tax compliance burden on Australia's managed funds.

"A recent survey by Morningstar shows Australia ranks equal last for tax and regulation of managed funds and the SGE change will not help improve our ranking."

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.