Deloitte Tax Services Pty Ltd
ACN 092 223 240
Grosvenor Place
225 George Street
Sydney, NSW, 2000

Phone: +61 2 9322 7000
www.deloitte.com.au

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Mr Lachlan Alvey
Market Conduct Division
Treasury
Langton Cres
PARKES ACT 2600

By e-mail: CIVreform@treasury.gov.au

Dear Lachlan

Corporate Collective Investment Vehicle – Regulatory and Tax Framework

Deloitte welcomes the opportunity to comment on the *Treasury Laws Amendment (Corporate Collective Investment Vehicle) Bill 2021: Regulatory framework* (the **Regulatory Framework**), *Treasury Laws Amendment (Corporate Collective Investment Vehicle) Bill 2021: Tax treatment* (the **Tax Framework**) and related explanatory materials (the **EM**) released by the Federal Government on 27 August 2021.

Background

In the report, "*Australian as a Financial Centre – Seven years on: The Second Johnson Report"* dated June 2016, it was noted that the proposed introduction of two new collective investment vehicles was intended to *"put Australian fund managers on a level playing field with fund managers from other countries and allow them to make the most of the new passport regime"*.

Deloitte supports the proposed introduction of the corporate collective investment vehicle (**CCIV**) regime and Australia's commitment to the Asia Region Funds Passport. Deloitte welcomes, and supports, the positive changes that have been made to the regulatory and tax frameworks for CCIVs following earlier consultations in 2018 and 2019. Whilst many of the key issues raised in relation to the earlier versions of the CCIV exposure draft legislation have been addressed, there are further refinements that Treasury may wish to consider to ensure the CCIV regime operates as intended, and to improve its competitiveness and attractiveness as an internationally recognisable investment product for fund managers.

Executive Summary

Regulatory Framework

We welcome the three key changes made to the previous drafts of the CCIV regulatory framework:

- Greater flexibility in the CCIV regime for the use of custodian and depositary services with the removal of the requirement for CCIVs to have an independent depository;
- Ability to list a retail CCIV with one sub-fund on a prescribed financial market; and
- Allowance for cross-investment between different sub-funds of a CCIV in certain circumstances.

Based on our review of the Regulatory Framework, there are a number of other regulatory matters that require attention to help achieve the policy objective and increase the likelihood of uptake of the CCIV regime.

In summary, we respectfully submit the following recommendations:

1. Requirement for the corporate director of a wholesale CCIV to be a public company be removed to ensure parity with the unregistered managed investment scheme (**MIS**) regime.
2. Governance rules about external directors and compliance committee for a corporate director of a retail CCIV to be consistent with that for the responsible entity of a registered MIS.
3. Requirement for the content of the compliance plan of a retail CCIV to be consistent with the existing requirement under section 601HA for the compliance plan of a registered MIS.
4. Compliance plan of a retail CCIV be allowed to incorporate by reference the compliance plan of a registered MIS to minimise the administrative burden and make it easier to adopt the CCIV regime.
5. Timeline for breach reporting by the auditor of the compliance plan of a retail CCIV to be consistent with the MIS regime.
6. Definition of ‘assets’ of a sub-fund to be consistent with the definition of scheme property of a MIS for general parity between the two regimes.
7. Consultation Question – Whether a requirement for independent review or audit of the valuation of the assets of a retail sub-fund should be in place?

Tax Framework

In summary, we respectfully submit the following recommendations:

1. The EM to the Tax Framework expresses a policy objective to align the general tax treatment of a CCIV and its members with that of an attribution managed investment trust (**AMIT**) and its members. We welcome this policy objective. Our submission outlines key areas of the Tax Framework where there are significant departures from the AMIT regime that we respectfully submit should be removed.
2. In the Tax Framework, there is heavy reliance on an eligible CCIV sub-fund being deemed to be an AMIT or a Division 6 trust. However, as a CCIV is in legal form a company, there are interactions with existing legislation which may give rise to uncertainty or unintended adverse consequences (e.g. the treatment of CCIVs under State/Territory tax stamp duties legislation, application of tax treaties, hybrid mismatch rules and Goods and Services Tax (**GST**)). Our submission outlines areas where such interactions arise and our recommendations to address these issues.
3. The EM also states that a key policy objective is to increase the competitiveness of Australia’s managed fund industry. To increase the overall attractiveness, competitiveness, and timely adoption of the CCIV regime, we respectfully submit that roll-over relief should be considered as part of transitioning into the CCIV regime.

Our executive summary should be read in conjunction with our detailed comments in the Appendices.

*   *   *   *   *

We welcome the opportunity to discuss these matters further with you. If you have any questions, please do not hesitate to contact Siew-Kee Chen at skchen@deloitte.com.au, Sandeep Agrawal at sanagrawal@deloitte.com.au, and Neil Brown at nbrown@deloitte.com.au.

Yours sincerely

Siew-Kee Chen
Partner
Asia Pacific Investment Management Tax & Legal Leader

Neil Brown
Partner
Investment & Wealth Management Sector Leader
Assurance Leader

Deloitte.

APPENDIX A – REGULATORY FRAMEWORK

1. Public company director requirement

(EM Ref – 3.102)

The proposed sections 1222D(1) and 1224F make it mandatory for the corporate director of a CCIV to be a public company regardless of whether the CCIV is wholesale or retail. Currently, there is no such requirement for a corporate trustee of an unregistered MIS to be a public company. The requirement to be a public company applies only to a responsible entity of a registered scheme under section 601FA.

<u>Recommendation:</u>

1. We respectfully recommend that the requirement for the corporate director to be a public company be restricted to retail CCIVs. This will help with achieving general parity between the MIS and CCIV regimes and will make it easier for fund managers to use their existing corporate entities as the corporate director of wholesale CCIVs.

2. Governance rules about retail CCIV directors

(EM Ref – 3.104 to 3.111)

We support the requirement for independent oversight over the activities of a retail CCIV. However, we respectfully submit that the governance rules for a corporate director of a retail CCIV should be consistent with those for a responsible entity of a registered MIS. The proposed section 1224G requires that at least half of the directors of the corporate director of a retail CCIV must be external directors.

In contrast, the current rules for a responsible entity of a registered MIS in section 601JA provide flexibility to the responsible entity to appoint an external compliance committee if less than half of the directors, of the corporate director, are external directors. Without further clarification in the explanatory material for the differences between the two regimes, we would respectfully submit that the same flexibility should be provided for the corporate director of a retail CCIV.

<u>Recommendation:</u>

1. We respectfully recommend that the proposed drafting of section 1224G be amended to allow the corporate director of a retail CCIV to appoint an external compliance committee if less than half of the directors, of the corporate director, are external directors. This will help to achieve parity between the governance rules for the MIS and CCIV regimes.

3. Retail CCIV sub-fund compliance plans - contents

(EM Ref – 3.20)

The proposed section 1227A requires that the compliance plan of a retail CCIV must set out adequate measures that the corporate director is to apply *"in fulfilling its responsibilities in relation to the CCIV to ensure compliance with this Act and the CCIV's constitution."*

In contrast, section 601HA requires that the compliance plan of a registered MIS must set out adequate measures that the responsible entity is to apply *"in operating the scheme to ensure compliance with this Act and the scheme's constitution"*. Section 601HG further specifies that the compliance plan should include arrangements for identification and segregation of the property of the MIS, the conduct of the compliance committee, valuation of the scheme property, audit of the compliance plan and records of the scheme's operations. It also provides for regulations to prescribe any other matter to be included in the compliance plan. We respectfully submit that any reasons for the differences in requirements should be clarified, as they have the potential to create confusion between the content requirement for the compliance plan of a retail CCIV and that for a registered MIS.

Recommendation:

1. We respectfully recommend that section 1227A be redrafted in line with the existing section 601HA to ensure the content requirement for the compliance plan of a retail CCIV is consistent with that for a registered MIS.

4. Retail CCIV compliance plans – administrative efficiency

(EM Ref – 3.207)

The proposed section 1227B provides flexibility for the compliance plan of a retail CCIV to incorporate by reference specified provisions of a compliance plan of another CCIV. We support this flexibility as this is expected to reduce the administrative burden where the corporate director is the corporate director of more than one CCIV.

It also likely that some corporate directors may be a responsible entity of a registered MIS. Where this is the case, there will already be a compliance plan for the registered MIS. If that compliance plan can be allowed to be incorporated by reference into the compliance plan of the retail CCIV, it could make it easier for fund managers to take up the CCIV regime using their existing responsible entity structure. We note that the facility to incorporate by reference a compliance plan into another compliance plan is widely used by responsible entities.

Recommendation:

1. We respectfully recommend that the proposed drafting of section 1227B be amended to allow the compliance plan of a retail CCIV to incorporate by reference the compliance plan of a registered MIS where the corporate director of the retail CCIV and the responsible entity of the MIS is the same entity.

5. Timeline for breach reporting

(EM Ref – 3.222)

The proposed section 1227H requires the auditor of the compliance plan of a retail CCIV to notify ASIC of certain contraventions within 7 days of becoming aware of those circumstances. In contrast, the existing section 601HG requires the auditor of the compliance plan of a registered MIS to notify ASIC within 28 days of becoming aware. Unless there is a particular reason for this difference, it has the potential to create confusion between various breach reporting requirements for the compliance plan of a retail CCIV and that for a registered MIS.

Moreover, under the new breach reporting regime effective from 1 October 2021, the corporate director (as an AFS licensee) will have 30 days to notify ASIC of a 'reportable situation'. It may be impractical for the compliance plan auditor to notify ASIC of a matter within 7 days when the corporate director is still investigating the matter and has 30 days to notify ASIC.

Recommendation:

1. We respectfully recommend that section 1227H be redrafted in line with the existing section 601HG to allow at least 28 days for the compliance plan auditor to notify ASIC of the prescribed contraventions.

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6. Consistency of definitions – "*assets of a sub-fund*" and "*scheme property of a registered scheme*"

(EM Ref – 6.18)

The proposed section 1233H contains the meaning of the *"assets of a sub-fund"*. The wording and language used to describe the assets of a sub-fund is different to the definition of *"scheme property of a registered scheme"* contained in section 9.

We respectfully recommend clarifying any reasons for these differences within the EM, as it may give rise to a disparity between the calculation of assets of a retail CCIV and that of a registered MIS. This could also have a consequential impact on other areas such as net tangible asset requirements for the corporate director or the responsible entity (i.e. assets of the sub-fund/scheme property of a registered scheme are taken into account when calculating the net tangible asset requirement).

<u>Recommendation:</u>

1. We respectfully recommend that the proposed section 1233H be amended such that the definition of assets of a sub-fund is consistent with the definition of scheme property of a registered MIS in section 9.

7. Valuation of retail sub-fund assets - independent review or audit

(EM Ref – Box 1: Consultation Questions)

Treasury has sought views on whether further requirements should be in place to ensure the valuation of assets of a retail sub-fund are *independently* reviewed or audited as an integrity measure. Under the existing MIS regime, there is no requirement for an additional independent review/audit of the valuations. This requirement and the costs associated with the independent review/audit will create a disparity between the CCIV and MIS regimes.

<u>Recommendation:</u>

1. We respectfully submit that further requirements for independent review or audit of the valuations of a retail sub-fund should not be introduced.

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APPENDIX B – TAX FRAMEWORK

1. Policy objective – equivalence with AMIT regime

Paragraph 1.1 of the EM to the Tax Framework expresses a policy objective to align the general tax treatment of a CCIV with an AMIT:

> *"This Exposure Draft Bill amends the taxation law to specify the tax treatment for the newly established CCIV. The amendments give effect to the core CCIV tax framework with the objective that the general tax treatment of CCIVs and their members align with the existing tax treatment of AMITs (and their members)."*

However, we respectfully submit that there are several areas where the Tax Framework does not currently achieve this policy objective as outlined below.

1.1 AMIT attribution and present entitlement

An important design feature of the AMIT regime is that an AMIT applies an attribution method of taxation, rather than the concept of present entitlement to income as prescribed by Division 6 of the *Income Tax Assessment Act 1936* (**ITAA 1936**). Relevantly, an AMIT can attribute taxable income to unit holders, without the need to make an actual cash distribution.

Irrespective of whether a CCIV qualifies as an AMIT, section 195-125 of the Tax Framework appears to be the primary operative provision governing the interaction between dividend concepts (under the *Corporations Act 2001* (**Corporations Act**)) and the proposed tax regime for CCIVs and their investors. Where a CCIV qualifies as an AMIT, the concern is that section 195-125 uses a concept of present entitlement to income (rather than an attribution method of taxation as prescribed by the AMIT regime). Therefore, this does not help achieve the policy objective to align the general taxation treatment of a CCIV with the AMIT regime.

In circumstances where a CCIV does not qualify as an AMIT, there are issues caused by the current drafting of section 195-125 (as outlined in further detail below).

<u>Recommendations:</u>

1. We respectfully submit that the Tax Framework should contain an express provision that where a CCIV qualifies as an AMIT, the AMIT regime takes precedence and overrides section 195-125. The objective is to ensure that a CCIV (which qualifies as an AMIT) is subject to an attribution method of taxation (rather than a concept of present entitlement to income); and
2. Further rules may be required to link dividend / capital concepts with the existing AMIT taxation regime.

1.2 Present entitlement and legal form dividends

One key characteristic of a unit trust (when compared with a company) is a greater flexibility with respect to capital maintenance, and trust distributions of income and capital. For example, returning capital to investors (e.g. by way of a redemption) or distributing capital components for an income year (e.g. capital gains) or making 'tax deferred' distributions (i.e. cash distributions in excess of the income of the trust, which would result in a cost base adjustment to the investor's units in the trust).

Under the current drafting of the Regulatory Framework, a CCIV sub-fund is a company limited by shares and will be subject to requirements under the Corporations Act with respect to the payment of dividends and capital returns. Under the Regulatory Framework, a dividend payment for a company is required to meet the solvency test at the time of payment (for tax purposes, the dividend requirement of a company is that the dividend is paid out of profits). Applying company dividend concepts to a trust is inherently difficult for the following reasons:

- Present entitlement to income of a trust is usually determined as at year-end, with some flexibility to calculate the income of the trust shortly after year end. However, section 195-125 of the Tax Framework states the dividend is required to be **paid** in that income year for an investor to be made presently entitled to a share of income of the CCIV sub-fund. That is, present entitlement only occurs where a dividend is paid prior to year-end. This could be difficult to achieve in practice given that the CCIV sub-fund would be required to make a payment of the dividend before the accounts for the year have been prepared or finalised. Further, where the present entitlement requirement is not satisfied (e.g. due to the nuances of the payment of dividends requirement), this would result in income of the trust estate to which no beneficiary is presently entitled to, giving rise to trustee assessment on that income at the highest tax rates under section 99 or 99A of the ITAA 1936. Thus, if compelled to physically pay cash under the CCIV regime, a CCIV sub-fund will be a disadvantaged compared to a MIT or Division 6 trust (which is able to rely on the trust deed to determine present entitlement, mitigating the application of section 99 or 99A) or an AMIT (which is not required to make cash distributions under the attribution regime).

- Following on from the above timing issue, under the Corporations Act, the paying of a dividend requires the CCIV sub-fund to be solvent at the time of payment (section 1231M (1) of the Regulatory Framework). Notwithstanding whether a reliable determination of the solvency requirement can be met at year-end when financial information is unaudited, the CCIV sub-fund solvency test is not a requirement of a trust. Ordinarily a unit trust (governed by its trust deed) should be able to make a distribution resolution at any time during an income year. The solvency requirement adds an additional layer which may make a CCIV less desirable in comparison to a trust, potentially disincentivising the uptake of the CCIV regime. Relevantly, other countries (e.g. the Singapore Variable Capital Company regime) have designed their rules to permit greater flexibility regarding the issue and redemption of shares, and distributions (including not being restricted to paying dividends out of profits).

- The funding of a unitholder redemption is commonly undertaken by way of disposal of underlying investments. Based on the current drafting, a redemption (i.e. capital return) appears to be subject to the same solvency test as required for the payment of dividends. Given the penalties that can apply to individuals involved in making share capital reductions from a CCIV sub-fund in contravention of the Corporations Act, it may be more difficult to pay distributions (in particular returns of capital) in the CCIV construct than under the current trust tax regime.

<u>Recommendations:</u>

1. Re-consider the solvency requirements set out in the Regulatory Framework for the payment of dividends or returns of capital;
2. Provide greater flexibility for the issue and redemption of shares, and distributions (than is currently the case for companies); and
3. Removal of the requirement that dividends be paid within the income year for the investors in the CCIV sub-fund to become presently entitled.

2. Interaction with other laws

The Tax Framework relies heavily on an eligible CCIV sub-fund being deemed to be a trust and an AMIT for tax purposes. However, as a CCIV is in legal form a company, care should be taken to ensure that there are no unintended adverse consequences where there are interactions with existing law.

2.1 Stamp duty

Each State has separate stamp duty rules and their interaction with the new CCIV laws will need to be considered on a State-by-State basis.

The key issues to consider will be:

- Confirmation that a CCIV sub-fund is to be treated as a stand-alone entity for stamp duty purposes, including:
  - Confirmation that a CCIV sub-fund is to be treated as a separate entity when considering duty on purchase of assets (i.e. two sub-funds acquire interests in the one company); and
  - Confirmation that a CCIV sub-fund is to be treated as a separate entity for corporate reconstruction relief and as a "corporation" (which includes unit trusts) for corporate reconstruction relief in the States where that is relevant;
- Confirmation that shares in a CCIV sub-fund are to be treated as referable only to the assets in that sub-fund;
- Confirmation that a CCIV sub-fund is to be treated as either a company or trust in the States where that is a relevant distinction (i.e. in particular for the Queensland trust acquisition duty and the Victorian 20% threshold for trust acquisitions or 50% threshold for company acquisitions).

<u>Recommendation:</u>

1. Providing certainty and alignment in the treatment of CCIVs under Federal and State/Territory tax laws will be critical to ensure the viability of the CCIVs.

2.2 Treaty benefits

The Tax Framework includes a proposed amendment to section 4 of the *International Tax Agreements Act 1953* (**ITAA 1953**) which provides that Subdivision 195-C of the Tax Framework will take precedence to the extent of any inconsistency with the provisions of the ITAA 1953. The EM states that the purpose of this amendment is to ensure that CCIV sub-funds and their beneficiaries will be eligible for the same treatment and can access the same benefits as an AMIT under Australia's tax treaties. However, as the ability to access treaty benefits will depend on the laws of both Contracting States and the relevant provisions of the applicable treaty, it does not necessarily follow that the legislative deeming in Australia will result in the same outcomes for CCIV sub-funds as AMITs across all of Australia's treaties.

In this regard, the following comments are noted:

- Currently, under subsection 3(11) of the ITAA 1953, where a beneficiary resident in a Contracting State (under a tax treaty) becomes presently entitled to a share of the income of a trust estate derived from the carrying on of a business by the trustee through a permanent establishment in Australia and the income is to be dealt with under the business profits article under the relevant tax treaty for the purpose of determining whether the beneficiary's share of income may be taxed in Australia under the busines profits article:

- o The beneficiary is deemed to be carrying on in Australia, through a permanent establishment, the business carried on in Australia by the trustee; and
- o The beneficiary's share of the income is deemed to be attributable to that permanent establishment.

It is unclear whether subsection 3(11) will apply to a CCIV sub-fund given its legal form as a company rather than a trust estate. Further, as Subdivision 195-C is intended to take precedence over the provisions of the ITAA 1953, the interaction between subsection 3(11) and Subdivision 195-C is unclear. Similar considerations would also arise in the context of treaties which contain similar provisions to subsection 3(11) (e.g. Article 7(9) of the Australia/US tax treaty); and

- As the CCIV is a corporate entity (notwithstanding the deeming under Subdivision 195-C), the legal form of income distributions paid by a CCIV will be as dividends. This could give rise to uncertainty as to whether distributions paid by a CCIV should be subject to the dividend article under Australia's tax treaties. This uncertainty is heightened in the context of tax treaties which do not contain a carve out (from the definition of a 'company') for corporate entities which may be taxed as a transparent vehicle (e.g. the Australia/Korea tax treaty).

<u>Recommendation:</u>

1. Legislative clarification is required on whether section 3(11) of the ITAA 1953 (and equivalent articles under Australia's tax treaties) will apply to CCIVs.
2. In negotiating new or updated tax treaties, consideration should be given to the intended application of the relevant tax treaty to CCIVs and in particular, the circumstances under which CCIVs may be entitled to claim treaty benefits (e.g. treaty benefits being available to a CCIV where a minimum percentage of the investors are resident in a treaty jurisdiction, as with MITs under the Australia/New Zealand tax treaty).

2.3 Hybrid mismatch rules

Following the amendments to the hybrid mismatch rules introduced in 2020, Australian unit trusts which are treated as flow through are now largely carved out of the application of the hybrid mismatch rules in Division 832 of the *Income Tax Assessment Act 1997*. However, as a CCIV is a legal form company and could be treated as a 'blocker' entity in the country of residence of a CCIV investor, a CCIV sub-fund that is treated as either an AMIT or a Division 6 trust for Australian income tax purposes may be treated as a reverse hybrid under Australia's hybrid mismatch rules. Where this is the case:

- Analysis would be required to determine whether a deduction/non-inclusion mismatch arises and if so, to document whether there could potentially be a 'structured arrangement' or a Division 832 control group so as to attract the application of the hybrid mismatch rules; and
- In the event that the hybrid mismatch rules were found to apply, the primary response under Australia's hybrid mismatch rules would be a denial of deductions to the extent of the deduction/non-inclusion mismatch in relation to payments made to a CCIV sub-fund (assuming that the entity claiming the relevant deduction is an Australian taxpayer). Similar outcomes could potentially also arise where the entity making the deductible payment to the CCIV sub-fund is resident in a jurisdiction that has similar hybrid mismatch rules.

The above outcomes significantly add to the complexity and compliance costs of administering the CCIV structure when compared to an ordinary trust structure. There is also additional complexity and potentially adverse outcomes for entities making deductible payments to a CCIV (e.g. issuer of a corporate bond) where the CCIV may be subject to the reverse hybrid mismatch rules. This outcome could be particularly problematic given that the application of the reverse hybrid mismatch rules (or equivalent provisions in a foreign jurisdiction) will likely result in a deferral or permanent denial of tax deductions for the payer (noting also that Australia's reverse hybrid rules provisions do not contain a secondary response to address the hybrid mismatch outcome).

Further, as the classification of a CCIV as a reverse hybrid depends on the tax treatment of the CCIV under the tax laws of the jurisdiction in which the CCIV's investor is a tax resident, there may also be some uncertainty on whether the hybrid mismatch rules should be applied strictly to the CCIV as a whole or at the level of the CCIV sub-fund (particularly for example, where the investor's jurisdiction views the CCIV as a single entity rather than as separate CCIV sub-funds).

Recommendation:

1. Further guidance is required to provide more certainty for CCIV sub-funds on the potential application of the reverse hybrid mismatch rules (and in particular practical guidance on how the structured arrangement provisions may be applied in a CCIV context) to reduce the compliance burden on CCIVs.

2.4 Goods and Services Tax

The term 'entity' is defined in section 184-1 of the *A New Tax System (Goods and Services Tax) Act 1999* (**GST Act**) to include a body corporate (section 184-1(a)) and a trust (section 184-1(g)), amongst other forms created by statute or contract. While the intent of the Tax Framework is that CCIV sub-funds will each be an entity for GST purposes, as suggested in paragraphs 1.99-1.100 of the EM to the Tax Framework, there is a risk that the legal form of the CCIV does not provide taxpayers with certainty in this interpretation. If CCIV sub-funds cannot be separately recognised as an entity for GST purposes, this will prevent the operation of key elements of the GST Act.

Recommendation:

1. As the proposed section 195-110 of the Tax Framework clarifies the standalone identity of each CCIV sub-fund for income tax purposes, we recommend that a corresponding amendment is made to section 184-1 of the GST Act to clarify the entity's standalone identity for GST purposes.
2. As a result of the proposed amendments to section 9 of the Corporations Act, in our view each CCIV sub-fund (once confirmed as a standalone entity for GST purposes) should be treated as a recognised trust scheme as that term is defined in the *A New Tax System (Goods and Services Tax) Regulations 2019*.

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3. **Attractiveness – transition to CCIV**

A key policy objective of the CCIV regime is stated in paragraph 1.6 of the EM as follows: *"The key policy objective is to increase the competitiveness of Australia's managed fund industry"*. Based on the Tax Framework, there could be opportunities for further refinement by removing key tax impediments. The overall competitiveness and attractiveness of the CCIV regime could be enhanced by allowing existing managed funds (e.g. AMITs) to transition / convert into a CCIV without significant regulatory or tax barriers and costs.

The Tax Framework does not currently provide CGT rollover relief where an existing trust chooses to transition to the CCIV regime. The transfer of assets from an existing trust to a CCIV would create a taxing point with any realised gains flowing through to investors which may not be cash-backed where the 'disposal' funds are subsequently re-invested into the CCIV. This is particularly important as there is no real change in economic position when transitioning from a trust to a CCIV.

As an alternative, a fund manager may choose not to transition into a CCIV sub-fund, but rather provide a CCIV offering in addition to an already established trust structure. In this situation, there would effectively be two sets of regulatory and compliance costs when roll-over relief could have afforded the opportunity to have one investment vehicle (i.e. the CCIV with multiple sub-funds) and thus one set of costs. This could be a disincentive to transferring into the CCIV regime, in particular where a fund manager current has existing trusts within its portfolio.

<u>Recommendation:</u>

To increase the overall attractiveness, competitiveness, and timely adoption of the CCIV regime, we respectfully submit that roll-over relief should be considered as part of transitioning to the CCIV regime, including:

1. AMITs being eligible for roll-over relief at both the entity level (including for revenue assets) and the investor level (including for members' units held on revenue account).
2. AMITs will need a legislative mechanism to allow their tax attributes (e.g. tax losses) and their tax history (including elections) to transition into a CCIV sub-fund.