

Fast Facts 2019/20 Budget Financial services



While the broader financial service industry is still digesting the impact of 76 recommendations from the Banking Royal Commission, the Government has now taken the opportunity to set aside \$606.7m to facilitate its response.

Most important take outs

This funding will be directed in a number of ways, most notably:

- ASIC will receive an additional \$404m to implement its new enforcement strategy to 'litigate first'
- APRA will receive an additional \$145m to focus on the key areas of concern relating to governance, culture and remuneration
- Australian Financial Complaints Authority will receive an additional \$2.8m to establish a historical redress scheme to deal with complaints dating back to 1 January 2008
- \$2.6m will be allocated to design, implement and fund a compensation scheme for consumers and small business
- \$30.7m has been set aside to fund compensation owed to consumers and small businesses from legacy unpaid external dispute resolution determinations

The concessional 15% Managed Investment Trust (MIT) withholding rate will be available to an additional eight foreign jurisdictions that have an information sharing agreement with Australia. This will increase the number of jurisdictions that are regarded as Exchange of Information countries to 122.

The current tax relief afforded to mergers of superannuation funds will be made permanent. This means the tax concessions that were due to expire in 2020 will become an ongoing feature of Australia's superannuation law.

Impacts to your business

The impact on your business will be relatively limited given the Government's focus is clearly on enhancing its own enforcement and regulation capabilities.

Opportunities for growth and stability

The opportunities for growth in the financial services industry are somewhat limited. Those businesses operating in the Financial services sector should ready themselves to engage with better funded and litigation focused regulators.

On the fringe:

- Lower withholding tax for new jurisdictions may encourage greater investment in Australia via the MIT regime
- Cuts to tax rates should allow investors to have more free cash to invest in the managed funds industry.

#Budget2019

Opportunities for growth, investment and trade are critical to Australia's success. ShineWing Australia can help you to take the lead on the opportunities this budget presents for growth and stability.



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