

ASX (DCL) /Media Release

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Revised MIT Legislation removes Residential Property prohibition

Yesterday, the Government released draft legislation titled “Removing tax loopholes”, sjm.ministers.treasury.gov.au/media-release/078-2018, that include measures that address the tax leakage of foreign investment into residential and rural property.

The previous draft legislation released by the Government on 14th September 2017 had proposed that Managed Investment Trusts (“MITs”) be prohibited from investing in residential properties if they were not considered for affordable housing purposes. As the DomaCom Fund is structured as an MIT, this cast significant concerns over the viability of the DomaCom business model for the past 10 months.

We are pleased that the revised legislation has removed this prohibition and instead has addressed the potential tax leakage by foreign investment into residential properties by adjusting the withholding tax regime and ensuring that Foreign Investors pay their fair share of tax. DomaCom can now proceed with its business model of allowing investors to fractionally invest in residential properties across Australia.

DomaCom believes that the proposed legislation is a robust solution that ensures the appropriate tax is paid by foreign investors whilst still allowing MIT’s to be rightfully utilised for the investment into residential rental stock whether that be for affordable or non-affordable housing.

This will clearly help address the well documented shortage of affordable residential rental properties by increasing supply of rental properties.

The proposed legislation has now entered into a two week exposure period during which DomaCom is working with its tax advisers to ensure all aspects of the detailed draft legislation are reviewed, analysed and any submissions, if necessary, are made to Treasury.

DomaCom has a leading well structured and regulated MIT and with the removal of this significant loophole can now be utilised to the maximum benefit of its investor base.

About DomaCom

DomaCom Australia Limited ACN 153 951 770 launched Australia’s first online platform (comprising a registered as a managed investment scheme) to provide a property investment solution for the SMSF

DomaCom Limited
ACN 604 384 885

DomaCom Australia Limited
ACN 153 951 770 and AFSL 444365
Level 6, 99 Queen Street
Melbourne VIC 3000
Level 11, 109 Pitt Street
Sydney NSW 2000

DomaCom Platform Services Pty Ltd
ACN 606 755 319

www.domacom.com.au

market and other long-term investors through the fractional acquisition of units in a unique trust structure that enables investors to gain exposure to the property they select. Residential and commercial property Australia wide can be accessed via the platform, sourced from a variety of vendors and developers.

More Information:

Arthur Naoumidis

CEO, DomaCom Australia Limited

0411 958 084 www.domacom.com.au