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*Practice Group(s):*

*Investment  
Management*

## New Collective Investment Vehicles

*By Liz Hastilow, Ed Vassie and Meera Sivanathan*

This week's Federal Budget ushered in a new era in investment management in Australia with the announcement that the Federal Government will introduce a new tax and regulatory framework for two new types of collective investment vehicles (CIVs).

### The Vehicles

The two new CIVs will consist of a corporate CIV and a limited partnership CIV. The corporate CIV will be introduced in time for the income years starting on or after 1 July 2017, while the limited partnership CIV will be introduced in time for the income years starting on or after 1 July 2018.

Both the corporate and limited partnership CIVs will be required to meet similar eligibility criteria as managed investment trusts, for example they will need to be widely held and be engaged in primarily passive investment.

### What This Means for Australian Fund Managers and the Industry

The new corporate and limited partnership CIVs will be crucial for Australian fund managers and operators in the context of the Asian Region Funds Passport (Passport), the implementation of which began last week with the signing of the Passport Memorandum of Cooperation.

For more information on the signing of the Memorandum of Cooperation [click here](#) to read our recent Legal Insight.

Traditionally, foreign investors have been dissuaded from investing in Australian funds due to their lack of familiarity with the unit trust structure. Foreign investors are however very familiar with both corporate and limited partnership CIVs.

As a result, the new corporate and limited partnership CIVs will:

- enhance the ability of Australian fund managers to utilise the Passport
- reduce barriers associated with Australia's unit trust structure by providing alternative investment vehicle options for foreign investors
- attract new foreign investors to Australia
- improve the overall marketability of Australia's managed funds internationally
- assist Australia's investment management industry in becoming both a significant exporter of financial services products and a key contributor to Australia's gross domestic product.

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