



Foreign investor compliance services

With growing complexity and an increased focus from the regulator, PwC is now supporting foreign investors with a suite of services to help meet new and ongoing foreign investor compliance obligations.



Foreign investor asset registration requirements from 1 July 2023

Since 1 July 2023, foreign investors and Australian entities with upstream foreign ownership are now required to register a broad range of assets on the ATO's 'online services for foreign investors' portal, within 30 days of acquiring the asset. For example, all land acquisitions and new five year+ leases entered from 1 July 2023 must be registered.

The assets covered and events triggering a registration requirement have expanded significantly from the former rules that applied pre July 2023. Registration is now required for all land interests regardless of value, interests in businesses and entities, and water rights. Importantly, the rules cover assets acquired that did not require a business to obtain Foreign Investment Review Board (FIRB) approval.

These rules create a number of challenges for businesses:

- The registration requirements capture all changes of ownership, including those arising from internal group reorganisations
- Registering a large number of assets acquired in a single transaction or restructure can require substantially more manual effort in data collection and data entry in comparison to registering one asset onto the ATO portal
- Tracking what changes are made to assets and which require updates to the ATO portal can be very complex for businesses with many registered assets

After a grace period to allow businesses to implement these rules, the ATO has now commenced reviewing asset registrations to ensure businesses are compliant.



Increasing focus on FIRB governance and compliance

While most foreign investors have strong procedures in place to obtain FIRB approvals, many face challenges with complying with the ongoing FIRB obligation compliance requirements.

Compliance can be complex, especially for foreign investors with multiple Australian investments. The increasingly complex FIRB framework has introduced more burdensome administrative processes, making it necessary for foreign investors to stay up to date with requirements such as meticulous asset registrations, complex conditions, the timely submission of vacancy fee returns and enhanced governance.

The Treasury has also introduced significantly higher penalties. This means it is now time for foreign investors to ensure they are pro-actively managing their FIRB compliance obligations effectively.

Commercial leases require registration including where they relate to part of a building, are a sub-lease or relate to premises like warehouses or hangars.



Are you a foreign person?

- Whether an entity such as a company, trust or partnership is a 'foreign person' under these rules can be complex.
- Offshore entities are foreign persons but so are Australia entities with upstream offshore ownership, generally of 20% or more. There are exemptions and concessions that can also apply. If you are uncertain, please talk to us.



Consequences for non-compliance?

- Significant fines in the millions, and serious compliance actions such as reviews, and forced disposal
- Failure to qualify for streamlined FIRB reviews



Consequences for non-compliance?

- Potential penalties, in excess of \$82,500 from 1 July 2023
- Greater difficulty obtaining future FIRB approvals

Foreign investor compliance services

We can support your business in relation to your ongoing foreign investor compliance obligations.

1

Foreign investor asset registration, data services and vacancy fee returns

PwC can assist foreign investors with their compliance requirements directly on the ATO's online services for foreign investors portal. This includes registering assets and lodging vacancy fee returns (for residential dwellings). Our data automation team can also assist with extracting information from your source documents ready for asset registration.

Utilising our specialised offshore processing team and automated processes, we can provide an efficient, high quality and cost-effective means of compliance. Our approach means that large scale asset registrations can be completed accurately in an efficient and timely manner.

Assets are required to be registered within 30 days of acquisition, with approximately 25-30 distinct data points required per asset. This can be challenging for businesses to navigate particularly in the broader context of busy complex transactions. We are able to assist you to meet obligations in a timely and accurate manner, helping you mitigate the risk of penalties.

2

FIRB due diligence review and governance

PwC can perform a target due diligence or self-review health check on the status of compliance with FIRB obligations to date, including the asset register, FIRB conditions and vacancy fee returns. In addition, we can provide FIRB governance assistance in reviewing or establishing processes and controls that will assist you to meet your compliance obligations going forward.

There have been numerous changes and expansions to the FIRB asset registration rules since their introduction in 2015. This has created a challenging environment even for investors with strong compliance records who have struggled to stay on top of their asset registrations over the years, particularly when assets are required to be updated and removed from the register. A PwC health check enables you to move forward with confidence.

3

FIRB and asset managed compliance services

PwC can act as your comprehensive specialist FIRB risk management and compliance services provider. Utilising our market leading AI backed technology solutions, we are able to provide a suite of compliance services across FIRB obligations, FIRB application conditions and asset registration management to provide you with an evidence backed compliance record. We will work alongside you to develop strong FIRB compliance processes to assist you in managing your obligations.

The FIRB compliance landscape is constantly evolving, creating a challenging environment for staff and business leaders to be confident that they are compliant. Training internal staff to manage these obligations is often not feasible nor cost effective. With PwC as your compliance partner, we can provide you with greater confidence that you are not exposed to penalties and your future investments will not be negatively impacted.

4

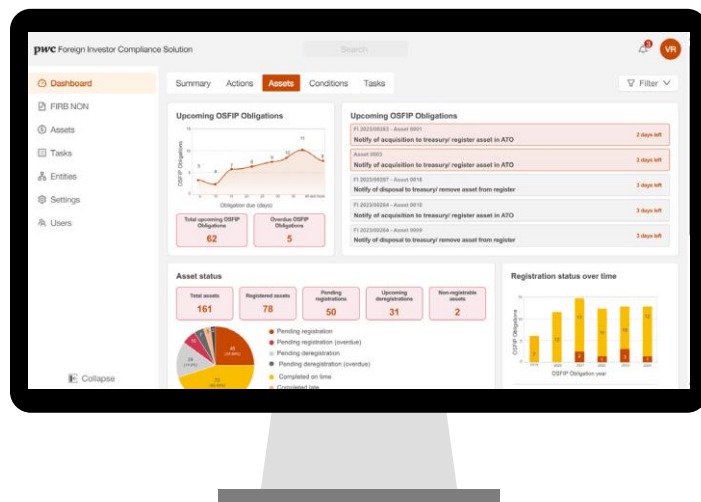
PwC Foreign Investor Compliance Solution

Targeted for release in 2025, PwC's Foreign Investor Compliance Solution is a cloud software platform that will enable you to manage all ongoing FIRB condition, asset registration and vacancy fee return obligations in one place across all your teams.

The Foreign Investment Compliance Solution will enable you to:

- Oversee all FIRB condition, asset registration and vacancy fee return obligations across a group of entities
- View and monitor the status of all FIRB asset registrations for an entire group
- Monitor assets acquired pre 1 July 2023 and whether they become subject to registration requirements
- Set up custom access controls for team members to view entities in the group that they are responsible for
- Implement governance over FIRB compliance obligations via reminders, tasks and workflows throughout the year
- Save supporting documentation to substantiate completed FIRB compliance steps
- Demonstrate strong governance and minimize non-compliance, to put you in the best position to qualify for streamlined FIRB reviews

The PwC Foreign Investor Compliance Solution is built by FIRB compliance and technology experts to provide you with greater confidence that you are complying with Australia's foreign investment regime. There is no other specialised FIRB software compliance product available on the market.



For more information or to arrange a demonstration of the Foreign Investor Compliance Solution, please contact:



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