



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.



New 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 5 year+ leases entered post 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 new rules cover assets acquired that did not require a business to obtain FIRB approval.

The new 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 substantial manual effort in data collection and data entry one asset at a time 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 the new rules, the ATO has now commenced reviewing asset registrations to ensure businesses are compliant.



Increasing focus on FIRB governance and condition compliance

While most foreign investors have strong procedures in place to obtain FIRB approvals, many face challenges with complying with the ongoing condition obligations that attach to these approvals.

Compliance with conditions can be complex, especially for foreign investors with multiple Australian investments. These can include regular tax condition and special tax condition compliance lodgments, conditions requiring information to be provided to regulators at certain points in time, documentation retention requirements, and conditions requiring pro-active engagement with the regulator where specific events take place, such as asset disposals.

The Treasury has flagged to the market an increasing focus on foreign investor FIRB condition compliance, reflected in the recent introduction of significantly higher penalties, and the issuing of FIRB non-compliance letters and queries regarding tax compliance governance. It is time now for foreign investors to ensure they are managing their FIRB compliance obligations effectively.

Consequences for non-compliance?



- Potential penalties, in excess of \$82,500 from 1 July 2024
- Greater difficulty obtaining future FIRB approvals

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

PwC's Foreign Investor Compliance Services

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

1

Foreign Investor Asset Registration Services

PwC can assist with FIRB asset registrations and updates directly onto the ATO's online services for foreign investors. Utilising our internal teams and automated processes, we can provide an efficient, high quality and cost-effective means of compliance.

Assets are required to be registered within 30 days of acquisition, with approx. 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 ensure your obligations are met on time and accurately, helping you mitigate the risk of penalties.

2

FIRB Compliance Healthcheck, Governance, and Data Services

PwC can perform a healthcheck on FIRB condition and asset registration compliance. In addition, we can provide FIRB governance assistance in reviewing or establishing processes and controls. Our data automation team can assist with extracting information from your source documents ready for asset registration.

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 clients 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 healthcheck 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 FATA obligations, FIRB application conditions and asset registration management to ensure you have an evidence backed compliance record.

We will work alongside you to develop strong FIRB compliance processes to ensure your obligations are appropriately managed.

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 you can be confident that you are not exposed to penalties and your future investments will not be negatively impacted.

4

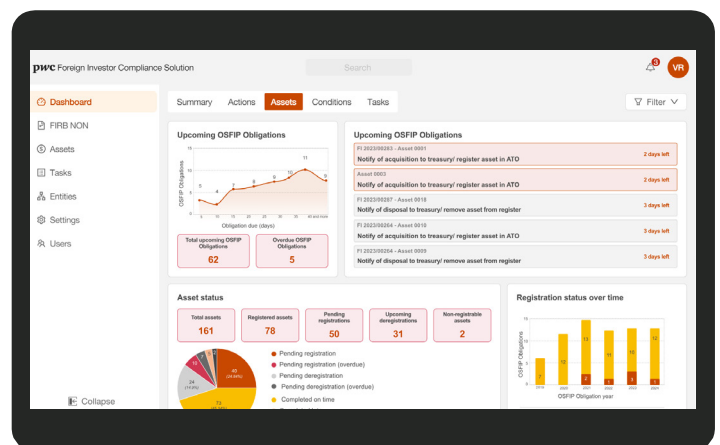
PwC Foreign Investor Compliance Solution

Targeted for release in late 2024, PwC's Foreign Investor Compliance Solution is a cloud software platform that will enable you to manage all ongoing FIRB condition and asset compliance obligations in one place across all your teams.

The Foreign Investment Compliance Solution will enable you to:

- Oversee all FIRB condition 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 enable you to have 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:



Sean Lee

Partner, Tax Reporting and Innovation
+61 412 658 228
sean.e.lee@au.pwc.com



Charlotte Brierley

Director, Tax Risk and Governance, FIRB
+61 438 300 790
charlotte.brierley@au.pwc.com



Rob Leonard

Senior Manager, Tax Risk and Governance
+61 7 3257 5180
rob.a.leonard@au.pwc.com