



# Foreign Investment Reforms Factsheet: Reform overview

## Reforms to strengthen Australia’s foreign investment framework

The Government is strengthening the foreign investment framework. These reforms represent the most significant changes to the framework in over 40 years.

1. The Australian Taxation Office has been given the responsibility to regulate foreign investment in residential real estate.
2. Stricter penalties make it easier to pursue foreign investors that breach the rules.
  - Criminal penalties have increased from \$90,000 to \$135,000 for individuals, and divestment orders are supplemented by civil pecuniary penalties. Infringement notices for less serious breaches of the residential real estate rules also apply.
  - Third parties who knowingly assist a foreign investor to breach the rules are now subject to civil and criminal penalties.
3. Application fees have been introduced to ensure that Australian taxpayers no longer have to fund the cost of administering the system.



### Compliant Investors

- Greater certainty and better service delivery
- Clearer legislation
  - Removal of routine cases from system
  - Improved service delivery



### Non-compliant Investors

- Subject to stronger compliance and enforcement
- High risk of being caught if breaking the rules
  - Stricter penalties so can't profit from breaking the rules



### Australian Community

Greater confidence in the foreign investment framework

- Reassurance that rules are being enforced
- Increased scrutiny and transparency around agricultural investments
- Application fees to ensure taxpayers no longer subsidise the system



4. Increasing scrutiny around foreign investment in agriculture.
  - From 1 March 2015, the screening threshold for agricultural land was lowered from \$252 million to \$15 million (cumulative).
  - A \$55 million threshold (based on the value of the investment) for direct investments in agribusiness has been introduced. The definition of agribusiness includes primary production businesses and certain first stage downstream manufacturing businesses (including meat, poultry, seafood, dairy, fruit and vegetable processing and sugar, grain and oil and fat manufacturing).
5. Increased transparency on the levels of foreign ownership in Australia through a comprehensive land register.
  - An agricultural land register with information provided directly to the Australian Taxation Office by investors commenced collections on 1 July 2015.
  - The Government has also committed to implement a register of water entitlements within the next 12 months.
  - The Government is currently negotiating with state and territory governments to use their land titles data to expand the register to include all land (including residential real estate).
6. A comprehensive modernisation of the foreign investment legislation which reduces system complexity and compliance costs for investors.