



Australian Government
The Treasury



24 May, 2024

Mr Daniel Craig
A/g Executive Director
Office of Impact Analysis
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Dear Mr Craig

Impact Analysis – Build-to-Rent – Second Pass Final Assessment

I write in relation to the attached Impact Analysis (IA) prepared for reducing the managed investment trust (MIT) withholding tax rate for income derived from build-to-rent (BTR) developments. This is a 2023-24 Budget measure intended to increase rental housing and affordable housing supply by encouraging foreign investment into the BTR sector.

I am satisfied that the IA addresses the concerns raised in your letter of 8 May 2024. The IA now provides further detail on implementation barriers and known consequences, and stakeholder views on the preferred option. Furthermore, the IA now clarifies the policy objective and the net benefit of each policy option compared to the status quo.

The policy is expected to impose regulatory costs on BTR developments in the form of up-front tax planning and ongoing administrative and compliance costs. BTR development owners seeking to obtain the tax incentives provided by this policy are expected to incur a small regulatory burden. These costs cannot be quantified with certainty, however, due to the diverse nature of the property sector and the nascency of the BTR sector.

Accordingly, I am satisfied that the IA is now consistent with the six principles for Australian Government policy makers as specified in the Australian Government Guide to Policy Impact Analysis.

I submit the IA to the Office of Impact Analysis for formal final assessment.

Yours sincerely

Diane Brown
Deputy Secretary
Revenue Group

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