

On 14 October 2014, the Australian Government [announced changes](#) to the Significant Investor Visa (**SIV**) programme to diversify the source of investors, target premium investors and streamline the administration process.

The changes include a new 'Premium Investor Visa', the introduction of Austrade as a nominating entity and the involvement of Austrade in the process of determining eligible complying investments. From the Government's announcement, it appears that investment eligibility criteria will change to target key economic and industry portfolios.

The changes are scheduled to take effect during 2014-15.

The new Premium Investor Visa

From 1 July 2015, the Premium Investment Visa (**PIV**) will be introduced for high net-worth foreign individuals who can meet an increased **AUS\$15 million** investment threshold. The Government describes the PIV as offering a 'more expeditious, 12 month pathway to permanent residency'.

In contrast, the SIV requires applicants to invest AU\$5 million over a four year period before they are eligible for permanent residency (under Subclass 888). During the four year SIV investment period, applicants hold a provisional visa (Subclass 188). Applicants can withdraw their investments at the end of the four year term.

At this stage, limited information has been provided about the criteria and conditions for the PIV. It is not clear whether the expedited '12 month pathway to permanent residency' will allow for an applicant to withdraw their AU\$15 million investment after only one year. We will keep you updated as further details are announced.

Foreign investors should be aware that a fast-track process to permanent residency may have unwanted consequences if a foreign investor ceases to be treated as a "temporary resident" for tax purposes and could become subject to Australian tax on their worldwide income. Foreign investors should obtain professional advice on the Australian tax implications of being a temporary or permanent resident.

Austrade to Play an Important Role

Under the proposed changes, Austrade will have two important roles:

1. Austrade will determine investment criteria

In determining the investment eligibility criteria, Austrade will consult with key economic and industry portfolios. The Australian Government has identified the following areas as national investment priorities:

- agribusiness and food;
- major infrastructure;
- tourism infrastructure;
- resources and energy; and
- advanced manufacturing, services and technologies.

2. Austrade will act as a nominating entity

For the SIV, Austrade will become a nominating entity 'complementing' the current State and Territory governments' roles as nominators. On the face of this announcement, it appears that applicants who are nominated by Austrade are not required to be nominated by a State or Territory. However, this will need to be confirmed.

Austrade will be the sole nominating entity for the PIV.

Streamlining the Application Process

The Government has recognised that analogous SIV programmes in other countries often have less onerous application criteria and processing requirements. As a result, the changes are intended to streamline and enhance the visa administration process.

There are no further details as to how such streamlining is to take place, and any changing or narrowing of the investment criteria by Austrade could ostensibly have the opposite effect. Accordingly, we will wait to see how such measures will be implemented and keep you updated.

Impact for Fund Managers

We have [recently reviewed](#) the impact of the SIV on Australia's funds landscape since its introduction in November 2012. As of 30 September 2014, there has been over AU\$2 billion of SIV investment into Australia. 82% of those funds have gone towards government bonds or managed funds, with only 8% invested in private companies.

Fund managers and other financial services providers, who are keen to capitalise on the influx of investment, will no doubt be looking to attract the attention of PIV applicants with AU\$15 million to invest. However, if Austrade changes or narrows the investment criteria, fund managers will need to react to ensure their fund offerings remain compliant.

We will continue to monitor and provide updates on Australia's SIV programme. Our funds and financial services team can advise you on implementing your SIV strategies. Our tax team can advise on Australian and cross-border taxation issues for SIV funds and SIV investors and our migration team can advise on all migration issues and visa applications.

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