



New South Wales

Insurance Protection Tax Amendment Bill 2001

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to impose an ad valorem tax on persons who effect general insurance with insurers other than those who are registered under the *Insurance Protection Tax Act 2001*. The rate of tax is 1% of the premiums paid to non-registered insurers. As a consequence of the imposition of this tax, the maximum of the total amount of tax that is imposed each year on registered insurers under that Act is reduced from \$69 million to \$65 million.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act.

Clause 3 is a formal provision giving effect to the amendments to the *Insurance Protection Tax Act 2001* set out in Schedule 1.

Schedule 1 Amendments

Schedule 1 [1] substitutes the definition of *insurer* in the Act to assist the distinction between registered and non-registered insurers.

Schedule 1 [2], [3], [4] and [5] limit the existing provisions in Division 1 of Part 2 of the Act to insurers.

Schedule 1 [6] reduces the maximum of the total amount of tax that is imposed each year on insurers from \$69 million to \$65 million.

Schedule 1 [7] substitutes section 6 of the Act. The substituted section removes the requirement for a certificate as to an insurer's annual premium income from general insurance to be given by the insurer's auditor as this requirement is considered to be too onerous within the time allowed. The substituted section also allows a single return for a year to be lodged on behalf of two or more insurers who are related bodies corporate.

Schedule 1 [8] requires the Chief Commissioner to make an assessment of the combined liability of insurers on whose behalf a single return is lodged.

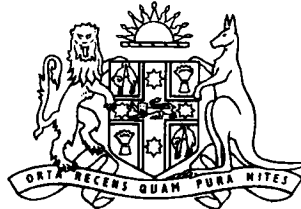
Schedule 1 [9] clarifies the time at which a premium or instalment of premium received by another person on an insurer's behalf is taken to have been received by the insurer.

Schedule 1 [10] inserts a new Division 2 (proposed section 11A) into Part 2 of the Act to impose the liability to tax on persons who effect general insurance with non-registered insurers. **Schedule 1 [11]** makes a consequential amendment.

Schedule 1 [12] inserts proposed section 20A into the Act. The proposed section requires the Chief Commissioner to keep a register of the insurers who are registered under the Act. The register is to be open for public inspection without charge.

Schedule 1 [13] inserts proposed section 27 into the Act. The proposed section effects transitional arrangements for the payment of tax for the first year of tax, that is, the year commencing on 1 July 2001. The Governor, on the recommendation of the Treasurer, may determine an amount payable by insurers that is less than the amount specified in section 5 (1) of the Act. The Chief Commissioner is to make an assessment of the tax liability of an insurer by 15 March 2002 (instead of by 1 September 2001) and instalments of tax are to be paid by dates specified by the Chief Commissioner in the relevant notice of assessment (instead of by quarterly payments). The proposed section is taken to have commenced on 1 July 2001 (the date of commencement of the Act).

First print



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New South Wales

Insurance Protection Tax Amendment Bill 2001

No. , 2001

A Bill for

An Act to amend the *Insurance Protection Tax Act 2001* to vary the arrangements for the imposition and collection of tax under that Act; and for other purposes.

The Legislature of New South Wales enacts:	1
1 Name of Act	2
This Act is the <i>Insurance Protection Tax Amendment Act 2001</i> .	3
2 Commencement	4
(1) This Act is taken to have commenced on 1 July 2001, except as provided by this section.	5 6
(2) Schedule 1 [10] and [11] commence on the date of assent.	7
3 Amendment of Insurance Protection Tax Act 2001 No 40	8
The <i>Insurance Protection Tax Act 2001</i> is amended as set out in Schedule 1.	9 10

Schedule 1	Amendments	1
	(Section 3)	2
[1]	Section 3 Definitions	3
	Omit the definition of <i>insurer</i> . Insert instead:	4
	<i>insurer</i> means a person:	5
	(a) who writes general insurance, and	6
	(b) who does so otherwise than as an insurance intermediary, and	7
	(c) who is registered under the Commonwealth <i>Insurance Act 1973</i> .	8
[2]	Part 2, Division 1, heading	9
	Omit “General”. Insert instead “Insurers”.	10
[3]	Section 4, heading	11
	Omit the heading. Insert instead “Imposition of tax on insurers”.	12
[4]	Section 5, heading	13
	Insert “from insurers” after “collected”.	14
[5]	Section 5 (1) and (2)	15
	Insert “on insurers” after “this Act” wherever occurring.	16
[6]	Section 5 (1) and (2)	17
	Omit “\$69 million” wherever occurring. Insert instead “\$65 million”.	18

[7] Section 6	1
Omit the section. Insert instead:	2
6 Insurers to notify Chief Commissioner of premium income for preceding financial year	3
	4
(1) An insurer must, on or before 15 August in each year, lodge with the Chief Commissioner a return in a form approved by the Chief Commissioner specifying:	5
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	7
(a) the total amount of premiums received by it in relation to general insurance in the preceding year, and	8
	9
(b) the total amount of any refunds of premiums made by it in relation to general insurance in the preceding year.	10
	11
Maximum penalty: 100 penalty units.	12
(2) A single return for a year may be lodged on behalf of two or more insurers who are related bodies corporate within the meaning of the Commonwealth <i>Corporations Act 2001</i> .	13
	14
	15
[8] Section 8 Apportionment of tax between insurance companies	16
Insert after section 8 (3):	17
(4) If a single return for a year has been lodged on behalf of two or more insurers who are related bodies corporate within the meaning of the Commonwealth <i>Corporations Act 2001</i> , the liability of those insurers to pay the tax imposed by this Act for the year is to be assessed as if those insurers were a single insurer.	18
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(5) Insurers who are assessed for tax in accordance with subsection (4) are jointly and severally liable for the tax.	24
	25
[9] Section 10 Receipt and refund of premiums	26
Insert after section 10 (2):	27
(2A) A premium or instalment of a premium received by another person on an insurer's behalf is taken to have been received by the insurer when the premium or instalment (or any part of the premium or instalment) is paid to the insurer or credited in the insurer's accounts.	28
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[10] Part 2, Division 2	1
Insert after section 11:	2
Division 2 Insured persons	3
11A Liability of certain insured persons	4
(1) This section applies to a person who obtains, effects, or renews any general insurance as an insured person with a person who is not an insurer.	5 6 7
(2) A person to whom this section applies must, within 21 days after the end of the month in which the premium relating to the insurance is paid to a person (not being an insurer) or insurance intermediary:	8 9 10 11
(a) lodge with the Chief Commissioner a return in a form approved by the Chief Commissioner containing such particulars and information as to the premium and the insurance as the Chief Commissioner may require, and	12 13 14 15
(b) pay to the Chief Commissioner as tax under this Act an amount equal to 1% of the premium.	16 17
(3) A person to whom this section applies is taken to have complied with this section if the person's duty under this section is discharged by another person acting on the person's behalf.	18 19 20 21
[11] Part 2, Division heading	22
Renumber the Division commencing immediately before section 12 as Division 3.	23 24
[12] Section 20A	25
Insert after section 20:	26
20A Register of insurers	27
(1) The Chief Commissioner must keep a register of the insurers who are registered under this Part.	28 29

(2) Anyone may inspect the register without charge at the Chief Commissioner's principal office during the hours that the office is open to the public.	1 2 3
[13] Section 27	4
Insert after section 26:	5
27 Tax liability for year commencing 1 July 2001	6
(1) Despite section 5 (1), the Governor, on the recommendation of the Treasurer, may determine that the total amount of tax imposed by this Act on insurers for the year commencing on 1 July 2001 is to be an amount that is specified in the determination and that is less than \$65 million but not less than the total amount of instalments paid or payable by an instalment date specified by the Chief Commissioner under subsection (3) that occurs before the date on which the determination takes effect.	7 8 9 10 11 12 13 14 15
(2) Despite section 8, the Chief Commissioner must make an assessment under that section for the tax year commencing on 1 July 2001 not later than 15 March 2002.	16 17 18
(3) Despite section 15 (3), the first three instalments of tax to be paid under this Act for the year commencing 1 July 2001 are payable by such dates as may be specified by the Chief Commissioner in the relevant notice of assessment.	19 20 21 22