1. Introduction

1.1 The purpose of this bulletin is to advise underwriters and brokers of tax changes in a number of countries.

2. Australia

2.1 The rate of Australian tax applying to Lloyd’s Underwriters’ Australian business will be reduced from 36% to 34% with effect from 1 July 2000.

2.2 As Lloyd’s Underwriters pay Australian tax on a deemed profit of 10% of the gross premium (i.e. the premium paid by the assured to the broker) the new effective rate of tax is therefore 3.4% of the gross premium.

2.3 The rate of tax will be further reduced to 30% (i.e. an effective rate of 3.0% of gross premium) with effect from 1 July 2001.

3. Brazil

3.1 The Brazilian Government introduced a remittance tax on premiums paid or ceded to non-resident reinsurers with effect from 27 September 1999.

3.2 The tax is a charge on gross premiums and the ceding company in Brazil is legally responsible for the collection and payment to the Brazilian authorities.
3.3 It has not been possible to establish the correct rate of tax applicable to non-resident insurers. The rate of tax is understood to be 2% of gross premium (calculated as 25% of a deemed profit of 8% of gross premium). Lloyd's Taxation Department is seeking confirmation of the correct rate and further information will be provided as soon as possible.

4. Russian Federation

4.1 The withholding tax exemption form (1013DT) attached to the Market bulletin dated 16 April 1999 (Y2028) was for 1999. An amended set of exemption forms for the year 2000 is attached to this bulletin. These forms must now be used. It is recommended out of date forms are destroyed.

4.2 The procedures to be followed when completing exemption forms remain unchanged.

4.3 An electronic copy of the amended form 1013DT is available on request.

5. Readership and contact details

5.1 This bulletin is being sent to all Underwriters, Lloyd's Brokers and recognised auditors. If you have any queries, will you please contact Roger Ramage on Lloyd's extension 6852 or e-mail: Roger.E.Ramage@lloyds.com

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