

FROM: International Tax Manager
LOCATION: G4/441
EXTENSION: 5228
DATE: 15 June 2004
REFERENCE: Y3334
SUBJECT: **AUSTRALIA - DIRECT ASSURED SCHEME AND
THE INSURANCE PROTECTION TAX**
ATTACHMENTS: None
ACTION POINTS: Underwriters and Brokers to note
DEADLINE: 1 September 2004

1. Introduction

- 1.1 The purpose of this bulletin is to advise underwriters and brokers of two procedural changes in the way Australian taxes are handled. The first relates to the Australian Direct Assured Scheme and the second to the Insurance Protection Tax in New South Wales.

2. Australian Direct Assured Scheme

- 2.1 Lloyd's Central Taxes System (which was described fully in market bulletin Y2594 of 8 August 2001) is now being used to account for Australian income tax where there is no Australian broker.
- 2.2 This means that with immediate effect brokers are no longer required to complete and submit an Australian Direct Assured certificate to Xchanging.

3. Insurance Protection Tax

- 3.1 The Insurance Protection Tax is due on insurance premiums covering real property, fixtures or buildings located in New South Wales (NSW) and other risks, contingencies or events which may occur within, or partly within, NSW. Reinsurance is exempt. The tax is due on the gross premium, including GST and fire services levy and before the 3% tax is withheld, but without the addition of stamp duty.

- 3.2 The NSW Government decides the total tax payable each year and this is apportioned between insurers writing business in NSW according to their share of premium income. Lloyd's is required to make a return of NSW premiums and the CTS is used to record this information. NSW premiums must therefore be shown and agreed on the slip. If the premium covers NSW and non-NSW business it must be apportioned and the NSW element identified and agreed on the slip, although it is not necessary to provide separate LPANs.
- 3.3 With effect from 1 September 2004 the LPAN must now state if none of the premium relates to NSW business. Xchanging have been given instructions to query any item where this information is missing.
- 3.4 A full description of the tax is provided in market bulletin Y2665 of 13 December 2001.

4. Readership and Contact Details

This bulletin is being sent to all managing agents, underwriters, Lloyd's brokers and recognised auditors. If you have any queries please contact –

* For technical queries - Roger Ramage on 0207 327 6852 or
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* For queries regarding the processing of business –

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