

## MARKET BULLETIN

REF: Y4243

<b>Title</b>	Spanish Premium Tax – Temporary Reduced Rate for 2008 and 2009
<b>Purpose</b>	To advise brokers and underwriters of a temporary reduction of Spanish premium tax in relation to insurance covering the public transport of people and goods.
<b>Type</b>	Event
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<b>Date</b>	17 February 2009
<b>Deadline</b>	Immediate for business where policy documents have not been issued and the 26 <sup>th</sup> February 2009 for any reclaims relating to existing contracts
<b>Related links</b>	

On 26th December 2008, the Spanish Government introduced a temporary 75% IPT reduction in relation to certain contracts of insurance for risks incepting from 1<sup>st</sup> January 2008. The new rate applies to insurance covering risks related to the public transport of passengers and goods, i.e. passengers' personal accident, third party material damage, third party liability, damage to own property and other types of transporters' liability. Please note: it applies to all forms of transportation not just that provided by a public authority.

For calendar years 2008 and 2009 such policies will effectively attract a 1.5% rate of IPT, representing a 75% reduction from the normal 6% premium tax rate. To qualify for the 75% IPT reduction the following conditions must be met:

- a) the policy must incept between 1<sup>st</sup> January 2008 and 31<sup>st</sup> December 2009;
- b) the premiums must be due from the insured in 2008 or 2009;
- c) the duration of the contract must not exceed 1 year; and
- d) any repaid premium tax must be returned to the insured.

The Annex to this Bulletin sets out the procedures for adjusting for overpaid premium tax in respect of policies in existence as at 26<sup>th</sup> December 2008 and for applying the 75% reduction to new insurance contracts on policies issued after the 26<sup>th</sup> December. If you have any queries please contact me on 020 7327 6727 or [nick.marman@lloyds.com](mailto:nick.marman@lloyds.com).

Nick Marman  
Indirect Tax Manager  
Taxation

## ANNEX

**I. Procedure for reclaiming overpaid premium tax in relation to qualifying policies incepting prior to 26<sup>th</sup> December 2008 where policy documentation has been issued.**

Brokers or underwriters should provide the following details to Lloyd's Tax Department at [nick.marman@lloyds.com](mailto:nick.marman@lloyds.com) or fax 020 7327 5559. Lloyd's Tax Department will then arrange for the overpaid tax to be returned to underwriters.

The following information is required:

1. Policy signing number and date
2. Broker policy reference
3. Inception date of the policy
4. Policyholder's fiscal identification number (NIF)
5. Amount of gross premium to which insurance premium tax applied
6. Amount of IPT originally paid
7. Rate of IPT originally applied
8. IPT calculated to be overpaid
9. Difference between IPT paid and IPT overpayment.

To ensure valid refunds are claimed the information must be provided to Lloyd's Tax Department as soon as possible and by the end of 2009 at the latest. **No refunds can be made for overpaid IPT in respect of policies issued between 1<sup>st</sup> January and 26<sup>th</sup> December 2008 unless the tax is returned to the insured by 26<sup>th</sup> February 2009.**

Note that to qualify for a repayment of premium tax the overpaid tax must be returned to the insured. Underwriters will be responsible for keeping the necessary records to evidence this in the case of audit by the Spanish tax authorities.

**II. Procedure for processing qualifying policies that (i) incept on or after 26<sup>th</sup> December 2008, or (ii) where policy documentation has yet to be issued.**

The 75% IPT reduction is directly applicable to these policies and should be shown on the documentation issued to the insured. In addition the premium tax at 6% that would have been applicable should also be shown on policy documentation. When presenting slips for processing, brokers should clearly mark them as subject to the 75% IPT reduction.

If a policy has already been issued that incepted on or after 26<sup>th</sup> December 2008 an amended policy should be issued reflecting the new rates. This must be done by 31<sup>st</sup> December 2009.

Xchanging will be validating qualifying policies.