

MARKET BULLETIN

REF: Y4446

Title	Bulgaria – Introduction of Premium Tax
Purpose	To notify underwriters and brokers of the introduction of a new premium tax applicable to Bulgarian risks
Type	Event
From	Nick Marman, Indirect Tax Manager, Tax Department, Finance, Risk Management and Operations Tel: 020 7327 6727 email: nick.marman@lloyds.com
Date	9 December 2010
Deadline	1 January 2011

This bulletin advises the market on the introduction of insurance premium tax in Bulgaria.

- Premium tax is applicable to general insurance premiums received in respect of risks located in Bulgaria. To determine whether a risk is regarded as located in Bulgaria, please refer to the 'Risk Locator' tool and Crystal. Both available on www.lloyds.com.
- The tax rate is 2% and applies to all insurance premiums received in respect of new business, renewals and additional premiums with an inception date on or after 1st January 2011.
- Exemption applies to re-insurance, life insurance, goods in international transit, aircraft hull and associated liability and ships hull and associated liability.
- Tax is calculated on the gross premium received (i.e. including commissions) but less any no claims bonuses and/or discounts allowed to the insured that reduce the premium receivable by the underwriter.
- Tax is payable by the insurer but may be charged to the insured and treated as an addition to the gross premium.

The collection and reporting of tax will be handled through Lloyd's Central Tax System (CTS). Xchanging have instructions to check that Bulgarian premium tax is calculated correctly when due and shown on the MRC and associated insurance documentation.

Detailed information on the application of the tax can be found on Crystal.

Managing agents will be advised of the above collections on their Central Accounting Advices under the cost category CHG, tab reference 462.

If you have any queries on the content of this Bulletin please contact:

Sarah-Jane Stoddart, tel. 020 7327 6856, e-mail sarahjane.stoddart@lloyds.com or

Nick Marman tel: 020 7327 6727 email: nick.marman@lloyds.com

Nick Marman
Indirect Tax Manager
Tax Department