

MARKET BULLETIN

REF: Y4758

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| Title | Australian Income Tax - Australian Tax Office Interpretive Decision – No impact on the Lloyd's Market |
| Purpose | The purpose of this Market Bulletin is to advise that the recent Australian Taxation Office Interpretive Decision ID 2013/59 issued on 12 November 2013 does not impact on the treatment of premium payable to Lloyd's underwriters. |
| Type | Event |
| From | Nick Marman, Senior Manager Indirect Tax. Tax Department. +44(0)20 7327 6727 or at nick.marman@lloyds.com . |
| Date | 3 January 2014 |
| Deadline | With immediate effect |
| Related links | |

The purpose of this Market Bulletin is to advise brokers, coverholders and underwriters that the recent Australian Taxation Office (ATO) Interpretive Decision (ATO ID) 2013/59 issued on 12 November 2013 does not impact on the treatment of premium payable to Lloyd's underwriters.

In the interpretative decision the ATO concluded that in some cases stamp duty should be included in the calculation when determining the income tax due on premiums paid to certain non-resident insurers.

The interpretative decision was based on facts and circumstances that are distinguishable from those applicable to policies placed with Lloyd's underwriters.

Accordingly, the issuing of the ATO ID should not result in any change in the existing general practice previously agreed and advised by the ATO, i.e. that for the purposes of s.142 of the ITAA 1936, the assessable premium payable to Lloyd's underwriters includes fire service levies but excludes stamp duty.

Brokers, coverholders and underwriters should ensure that stamp duty amounts are not included in the premium value used when calculating income tax payable by Lloyd's underwriters.

If you have any queries on the content of this Bulletin please contact Nick Marman on +44(0)20 7327 6727 or at nick.marman@lloyds.com.