LLOYD'S

Market Bulletin

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Title	Swiss and Liechtenstein tax reporting requirements
Purpose	To advise Lloyd's underwriters and brokers of changes to the administration of Swiss stamp duty and fire brigade charges and Liechtenstein stamp duty
Type	Event
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Deadline	Effective from 01/07/17
Related links	

Purpose: To advise Lloyd's underwriters and brokers of changes to the administration of Swiss stamp duty and Swiss fire brigade charges and Liechtenstein stamp duty

Changes to the administration of stamp duty

With effect from 1 July 2017 Swiss stamp duty and Liechtenstein stamp duty on direct assured business, i.e. business written without the intervention of a local broker, will no longer be collected from the Lloyd's broker but must be paid through with the net premium to the Lloyd's underwriter.

Xchanging will check all Swiss and Liechtenstein direct assured business to ensure that stamp duty is correctly applied. To facilitate this process where an exemption from stamp duty is being claimed the reason for exemption should be clearly stated on the MRC or other documentation presented to Xchanging.

This change will significantly simplify procedures for Lloyd's brokers who will no longer be debited stamp duty on a quarterly basis by Lloyd's Central Accounting. Instead stamp duty will be collected from syndicates quarterly by Lloyd's for onward payment to the tax authorities.

Arrangements for local brokered business remain unchanged and stamp duty in relation to this business must be settled direct with Lloyd's Swiss office.

Changes to the administration of fire brigade charges

As a result of changes to the administration of direct assured business Xchanging will also capture information on Swiss fire brigade charges, specifically the amount of such charges and the Canton in which the fire risk is situated. If not already shown, the Swiss post code or Canton must be recorded on the MRC or other documentation as well as the amount of fire brigade charge due. For a list of Cantons and corresponding post codes please refer to the Swiss tax pages of Crystal.

Failure to provide clear information or apply stamp duty correctly

Failure to provide clear and complete information may result in Xchanging raising a query with the broker or rejecting the work package leading to delays to the business and premium being processed.

Appendix 1 sets out the location of risk rules for Switzerland and Liechtenstein, however please note that they are different.

Appendix 2 sets out the exemptions from stamp duty applicable to both jurisdictions.

It is the Lloyd's underwriter's responsibility to ensure that satisfactory information is captured. Failure to correctly apply stamp duty will result in the underwriter becoming liable for any stamp duty assessed. Lloyd's Swiss office is subject to a Swiss stamp duty audit every five years and the fiscal authorities have consistently concentrated their efforts on examining exempt business.

Lloyd's Tax department is not responsible for checking or policing the quality of information captured and in the absence of satisfactory evidence will not automatically investigate and challenge the tax authority's assessment.

For further guidance on the application of Swiss and Liechtenstein taxes please see the attached appendices and Crystal.

If you have any questions on this bulletin or require further information please contact Nick Marman on +44 (0) 20 7327 6727 or email at nick.marman@lloyds.com

Appendix 1

Guide to Swiss regulatory and stamp duty rules

Location of risk for Swiss business

Unlike most other countries within Europe the Swiss do not follow the location of risk rules set out in the EU Insurance Directives. For instance, in relation to vehicles, the Swiss registration of the vehicle in itself does not create a Swiss location of risk.

Swiss law deems an insurance to be Swiss and subject to the Swiss stamp duty regime when:

- the policyholder is domiciled or resides in Switzerland, or
- the contract insures a person domiciled or residing in Switzerland, or
- the contract insures property situated in Switzerland (this includes vehicles, aircraft and ships that are generally operating in or physically present in Switzerland).

In relation to reinsurance Lloyd's defines a Swiss reinsurance as "reinsurance (including retrocession) of an insurance company located in Switzerland".

Please note that it is possible for a risk to be regulated and taxed in more than one jurisdiction and that if a risk is Swiss for regulatory purposes then the premium will be subject to the Swiss stamp duty regime.

Location of risk for Liechtenstein business

Liechtenstein is a member of the EEA and so follows the location of risk rules set out in the EU Insurance Directives.

A risk is located in Liechtenstein for tax purposes if it relates to:

- fixed and/or moveable property (excluding goods in transit) situated in the territory, or
- motor vehicles, ships, yachts or aircraft registered in the territory, or
- travel risks of a duration of four months or less taken out in the territory, or
- any other type of risk (not listed above) where the insured is habitually resident in the territory or, in the case of a corporate insured, its business establishment to which the risk relates is situated in the territory.

Please note that it is possible for a risk to be regulated and taxed in more than one jurisdiction.

Appendix 2

Exemptions applicable to Swiss and Liechtenstein stamp duty

Exemption applies to the following types of risk:

- Certain forms of life insurance
- Sickness and invalidity insurance
- Accident insurance
- Goods in transit insurance (goods held in storage at a Swiss free port i.e. in a bonded warehouse are, as a rule, regarded as still being in transit and therefore exempt from stamp duty for the duration of such storage at the free port).
- Insurance against damage from natural forces to agricultural land and crops
- Insurance against unemployment
- Insurance against hail
- Insurance of all livestock
- Reinsurance
- Insurance of aircraft (hull) over 5,700 kg take-off weight[1]
- Insurance of boats (hull)[1]
- Insurance against fire; theft; plate glass; water damage, credit, machinery or jewellery if the insured item (or debtor in the case of credit insurance) is located outside Switzerland.

[1] Transporting passengers and cargo for hire and reward principally outside Switzerland, i.e. not in Switzerland for longer than 3 months a year. Other marine risks, e.g. ship's liability or charterer's liability, where the principal named "taker of insurance" is Swiss domiciled then the entire premium receivable under the insurance contract is subject to Swiss stamp duty. However if the named "taker of insurance" is not Swiss domiciled none of the premium receivable under the insurance contract will be subject to Swiss stamp duty.

Xchanging may only treat a premium as exempt if the details provided make clear that the risk falls within one of the above exemptions. In cases of doubt or ambiguity Xchanging have been instructed to raise a query with the Lloyd's broker.

If a policy covers risks that are taxable as well as exempt the premium for the latter has to be stated separately in the policy if the stamp duty exemption is to be claimed.

It is therefore important that Lloyd's brokers provide underwriters with sufficient detail for it to be clear whether or not premium is dutiable. The fiscal authorities regularly audit Lloyd's business and may require documentary evidence where exemption has been claimed.

Failure to provide this information may result in the tax authorities taking assessment action against underwriters to recover unpaid tax, interest and penalties.