

Change in Regulations may Simplify IPT Compliance for Insurers Writing Belgian Risks

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NEWS ALERT

A recent change in the law in Belgium may have a beneficial effect for many EEA resident insurers writing business under Freedom of Services legislation.

With effect from 1st January 2006 EEA resident insurers are no longer required to appoint a fiscal representative in order to file and pay Belgium premium tax liabilities.

New Fiscal Representative Regulations

Insurance companies which have their head office within the EEA and write business in Belgium on a services basis are no longer required to appoint a Belgian resident fiscal representative. Instead, the appointment of a fiscal representative has become optional.

Consequences for Local Broker Market

If insurance policies are sold in Belgium via local brokers, the brokers will now be responsible for making the tax returns and paying the premium taxes to the Belgian tax authority. Local brokers may not be happy with such an increase of administrative and fiscal obligations, and in these circumstances it may be beneficial to continue to use a Belgian fiscal representative.

Potential cost savings

Insurers that do not use the Belgian broker market can now settle their premium taxes directly with the Belgian tax authorities. This provides insurers with an opportunity to cut premium tax compliance costs by removing the local fiscal representative; however this cost saving must be balanced against the benefits of continuing to use a fiscal representative. Apart from the preparation and submission of the tax filings, the local fiscal representative is also a source of local technical information and can be relied upon to keep the insurer up to date with changes in tax regulations and rates.

Non-EEA Resident Insurers

The rules regarding Insurance companies which are headquartered outside of the EEA and have no establishment in Belgium remain the same. They are still obliged to appoint a Belgian resident fiscal representative in order to file and pay premium taxes.

How Fiscal Reps can help

Depending on the route you take with regards to the appointment of a fiscal representative, Fiscal Reps are able to provide a compliance solution which will satisfy your requirements.

Our Brussels office can act as your fiscal representative, preparing and submitting premium tax returns on your behalf and ensuring that your premium tax compliance obligations continue to be met in full.

Alternatively, if you decide that a fiscal representative is not required, but you would like to outsource the responsibility for the preparation and submission of the returns, our London office can oblige.

Either way, our aim is to make premium tax compliance in the EU simple and cost effective.

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