

## The introduction of a new 2% levy on insurance premiums appears imminent as the Bill introducing the levy is likely to be passed before the end of September.

The Insurance (amendment) Bill, 2011 is currently passing through the Irish Parliament and is expected to be enacted into law by 29th September.

The Bill proposes to give the Central Bank the power to impose a levy of up to 2% on gross premiums in respect of risks located in Ireland. The rate must be reviewed annually and adjusted as the Central Bank sees fit. Exemptions will apply to insurance related to passengers in marine or aviation vehicles, carrier's liability, certain types of export credit, life, health and reinsurance.

The filing and payment dates will follow those currently in force for Stamp Duty, i.e. quarterly returns and payments to be submitted with 30 days of the quarter end.

The levy is being proposed to fund the Insurance Compensations Fund. Following the collapse of PMPA in 1983 the Irish Authorities introduced the Fund to protect policyholders where an insurer cannot meet its liabilities. This Levy was charged on all non-life insurance premiums written into Ireland as of January 1984 at a rate of 2%. This was reduced to 1% in 1992 and ceased to apply from 1993.

Since 1993 this Fund has not been collecting levies, however following the recent collapse of Quinn Insurance, the Irish Authorities have sought to reintroduce the Insurance Compensation Fund to help fund a shortfall in the Fund.

Once the Bill has been passed and there is more clarity on the functioning of the tax we will provide further updates.

### How we can help

If you have any questions regarding these changes, or any other indirect tax issue you may have, please do not hesitate to contact us.

### Why FiscalReps?

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