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America captive insurers can't be isolationists on tax compliance, says FiscalReps.

Mike Stalley, chief executive of tax compliance experts FiscalReps, is today warning US insurance captives they must take a global view on insurance premium tax (IPT) compliance to avoid financial loss and reputational damage.

Speaking at the Captive Live USA conference in Chicago, Stalley said: "US-domiciled captive insurers frequently cover risks located overseas. However, some US captives still fail to tackle insurance premium tax compliance as rigorously abroad as at home, which could prove a very costly error.

"Maintaining tax compliance in a global insurance programme can be challenging. Tax legislation varies from country to country, but many insurance service providers are reluctant to give captives tax advice. As a result, US captives have to adopt a global view for their own protection.

"The current economic climate means governments are increasingly seeking to generate additional tax revenues through IPT to help balance their books, and the ever-changing situation globally means captives based in the US require accurate and up-to-date information from around the world.

"The key to premium tax compliance is the ability to gather, analyse and process reliable premium tax information on an international basis. At FiscalReps, we have developed a unique global premium tax database, which relies on our ability to gather reliable premium tax information from multiple sources."

Stalley says US captives need to adopt a similarly co-ordinated approach for their global compliance plans. If the basic information is accurate, he argues, the ability to identify the location of risks and apply the relevant tax legislation can be more effectively achieved.

Stalley says there are also very positive reasons for US captives to pay attention to IPT compliance. "With the rates of premium taxes exceeding 10% in many territories, global premium tax costs can easily become material to the overall cost of buying insurance," he says. "Getting premium tax calculations right could save your business money."

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FOR FURTHER INFORMATION

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NOTES TO EDITORS

About FiscalReps

FiscalReps is an independent consultancy that helps insurance businesses to comply with insurance premium tax (IPT) and parafiscal taxes internationally. The company is the European market leader, with a client list that includes many top insurers, brokers and corporate captive owners. Further information is available at: www.fiscalreps.com.