

The Central Bank of Ireland has announced the new levy on insurance premiums will commence on 1 January 2012 and will initially be set at 2%.

Further to our alert in October, the Central Bank of Ireland has announced that they will start to charge the new levy on insurance premiums from 1 January 2012. Initially the rate will be set at 2% of Gross Premium received, the maximum the Bank is allowed to charge, and will be due on all premiums paid on or after that date.

The levy is due on all non-life contracts of insurance where the risk is located in Ireland. However, exemptions are available to the following contracts of insurance:

- Classes 4, 5, 6, 7, 11 and 12, (i.e. Marine, Aviation and Transport);
- Classes 1 (Accident) and 10 (Motor Vehicle Liability) insofar as they relate to insurance covering passengers in marine or aviation vehicles and carrier's liability;
- Export credit;
- Certain dental and health insurances; and
- Reinsurance.

The compliance procedures of the new levy will follow that of the existing Stamp Duty and Government Levy, requiring insurers to file and pay tax on a quarterly basis, within 30 days of the quarter end.

The purpose of the levy is to help finance the Insurance Compensations Fund. As such the Central Bank must review the rate and alter it as it sees fit to ensure the Fund is adequately financed. Any changes to the rate must be published on a the website of the Central Bank and each insurer and each insurer authorised in another Member State must be notified of the new percentage and the date on and after which the new percentage is to be used. If no such notification is received, then the existing rate remains. The maximum percentage that the Central Bank is able to set is 2%.

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?

Since Formation in 2003, FiscalReps has been the market leader in the field of international IPT compliance, providing robust compliance solutions for over 200 clients, including many of the world's largest insurers and captive owners.

With qualified professionals in the areas of finance and insurance, and with extensive experience gained both in the London market and internationally, FiscalReps is able to harness technical skills and market experience to deliver a robust but common-sense IPT compliance solution.