

# GLOBAL INSURANCE REGULATORY AND PREMIUM TAX UPDATE — SEPTEMBER 2013

The following insurance regulation and premium-related news could affect insurance contracts procured by a multinational group.

## AUSTRALIA – AUSTRALIAN CAPITAL TERRITORY: STAMP DUTY

The stamp duty rate has been reduced from 8% to 6% on premiums paid after July 1, 2013. This is the second stage of the progressive abolition of stamp duty on general and life insurance premiums over a five-year period.

## AUSTRALIA – QUEENSLAND

The stamp duty rate has been increased from 7.5% to 9% and will apply to premiums paid after August 1, 2013.

## COLOMBIA – NON-ADMITTED INSURANCE

The External Letter No. 019 of June 27, 2013, issued by the Superintendence of Finance of Colombia, states that, from July 15, 2013, foreign insurance companies may perform their services in Colombia that are included in the “Register of Foreign Insurance Companies offering insurance associated with the International Marine Transportation, International Commercial Aviation and Space Launching and Transportation (including satellites) — RAIMAT.”

## COLOMBIA – NON-ADMITTED INSURANCE PREMIUM TAX

Law 1607 of 2012 states that premiums paid with respect to insurance policies acquired from abroad for protecting properties located in Colombia, or for covering transportation risks for steamships and vehicles with licenses in Colombia, shall be subject to payment of 16% sales tax (IVA), provided that such contracts are not levied with an equivalent tax in their country of origin.

## FRANCE – MOTOR: FGAO PROTECTION LEVY

From July 1, 2013, the levy on obligatory motor third-party liability premiums payable to the Mandatory Third Party Liability Insurance Guarantee Fund (Fonds de Garantie des Assurances Obligatoires de Dommages — FGAO) increased from 1.2% to 2%.

## ITALY – PAYMENT OF PREMIUM TAXES

Insurance companies resident in the European Union and operating in Italy on the Freedom of Services basis no longer have the obligation to appoint a tax representative in Italy. The Italian Revenue Agency (Agenzia delle Entrate) has set specific rules for the payment of insurance taxes (Circolare 19/E issued by Agenzia delle Entrate). Those insurance companies must comply with and follow the detailed instruction contained in the above-mentioned rules and request for the assignment of the tax code in Italy.



## PANAMA – PREMIUM TAX

Law 38 of June 11, 2013, amended Article 63 of Law 12 of April 3, 2012, the insurance law, which deals with taxes on insurance premiums.

Article 63, as amended by Law 564, states that insurers will be required to collect and remit 2% premium tax and 5% tax on fire policies (fire brigade charge) on gross premiums with respect to all policies issued in Panama covering risks located in Panama, and that the National Treasury will deposit these monies in a special account at the Banco Nacional de Panama in the name of the fire brigade from January 1, 2014.

## TANZANIA – OIL AND GAS BUSINESSES

The new energy policy currently being formulated relating to oil and gas businesses would require the risks relating to such operations in Tanzania to be covered by local licensed insurers where available and can be reinsured with A-rated reinsurers.

## UGANDA – FRONTING ARRANGEMENTS AND RETENTIONS

Fronting arrangements in Uganda require formal approval by the Insurance Regulatory Authority of Uganda. It is understood that this approval is only given if there is no local capacity confirmed by the production of negative slips from at least 50% of the local insurers. Facultative reinsurance is possible provided that the local insurer retains a minimum of 5% of the risk. Furthermore, a minimum of 5% and 10% of each risk must be offered to African Re and Zep Re, respectively.

## US – FOREIGN ACCOUNT TAX COMPLIANCE (FATCA)

Under FATCA, US and non-US brokers who accept premiums from companies and then remit the payment to insurance companies are considered “withholding agents” to the extent that those premium payments relate to US-based risks. Withholding agents must either collect required FATCA documentation from the intended payee or withhold 30% of the premium payment. The United States Internal Revenue Service (IRS) recently issued Notice 2013-43 to confirm that the period for implementation of FATCA has been extended by a period of six months (from January 1, 2014, to the current effective date of July 1, 2014).

## CONTACT

If you have any questions about insurance regulations and premium-related tax issues, please contact:

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