

Guideline

General insurance premiums and the *Terrorism Insurance Act 2003*

Background

Section 164 of the [Duties Act 2001](#) (the Duties Act) defines a premium in relation to general insurance as:

- 164 (1)** Premium, in relation to general insurance, means the total consideration given to an insurer or an insurance intermediary by or on behalf of the insured person to effect insurance without deductions for any amounts paid or payable, or allowed or allowable, by way of commission or discount to an insurance intermediary.
- (2)** Premium includes a fire service levy paid or payable in connection with insurance by an insurer or any other person.
- (3)** Premium does **not** include –
- (a) an amount paid to an insurance intermediary by the insured person as a fee, provided that the amount can be clearly identified as a fee; or
 - (b) an amount of duty under this or a corresponding Act.
- (4)** It is immaterial where the amount is paid or where the insurance is effected.

“Total consideration” includes Goods and Services Tax (GST) and Fire Service Levy (FSL) paid so as to effect the insurance. Duty is calculated on the premium received, including GST and FSL.

The affect of the *Terrorism Insurance Act 2003*

The [Terrorism Insurance Act 2003](#) (the Terrorism Act) established a scheme for replacement terrorism insurance coverage for commercial property and business interruption. From 1 October 2003 additional monies, being premiums payable under the Terrorism Act, are collected by insurers.

The premiums collected pursuant to the Terrorism Act fall under the Duties Act definition of premium and attract duty. Insurers should ensure that the correct duty is returned to the Tasmanian State Revenue Office.

More information

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Email	taxhelp@treasury.tas.gov.au
In person	Ground floor Salamanca Building Parliament Square 4 Salamanca Place HOBART TAS 7000 (weekdays, 9:00am to 5:00pm)
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