



They're up, they're down, they're gone!

Insurance Taxes | What's the latest for your state?

Last month the Queensland Government announced it will increase stamp duty on insurance policies from August 1, 2013. Under the changes in the Queensland Budget, stamp duty on insurance products will rise from 7.5% to 9%.

The Queensland move goes against the recent trend for states to loosen their reliance on insurance as a means of raising funds for general revenue.

ACT has announced that they will cut stamp duty on insurance premiums by 20 percentage points from July 1, taking the rate from 8% to 6%.

The ACT's stamp duty rate is being scaled down each year until it is abolished on July 1 2016.

But probably the most dramatic change will occur in Victoria where, as of July 1, a levy on premiums to fund the state's fire-fighting services will be replaced by a funding system collected through council rates.

The Fire Services Levy was raised in Victoria to provide rebuilding capital in the wake of the Black Saturday bushfires of 2009 - many of the thousands of buildings affected were under-insured or not insured at all and rural fire services also needed to be completely rebuilt.

However, the impact on policy holders across the state was severe and it reached a point where in many cases the tax was higher than the actual premium. The Royal Commission investigating the bushfires recommended the abolition of the levy on insurance.

Most insurers have now completed collecting their levy commitments, and premiums are dropping prior to the July 1 deadline. The exact amounts will fluctuate as insurers raise some premiums to reflect rising reinsurance rates, global catastrophes and falling investment returns.

Only New South Wales and Tasmania continue to fund their fire services through a levy, and New South Wales is expected to introduce a more equitable emergency services funding system soon.

If you would like to discuss the level of taxes you are paying on your insurance policies, and what you can expect over the next year, contact your Whitbread broker on 1300 424 627.