

Information Circular No: 8

Taxation Administration Act 1996 *Stamp Duties Act 1923*

Stamp Duties on Polices of Insurance

Issued 11 December 2009

RevenueSA is currently conducting a compliance program to ensure that the relevant stamp duty has been paid on insurance premiums, in respect of policies insuring South Australian risk effected outside of South Australia.

In general terms, the *Stamp Duties Act 1923* (the "Act") requires that stamp duty be paid on all insurance premiums that relate to a risk in South Australia.

Normally, a person seeking insurance will place the insurance with a company that is licensed to carry on business in South Australia. That company will then lodge a monthly return with RevenueSA and pay the appropriate stamp duty. In these cases a licensed insurance company may pass on this cost to the policy holder.

However, in some cases a person may choose to place their insurance with a company that does not operate in South Australia. The insurance may be placed directly with that company or through a broker.

In those cases, the person taking out the insurance is liable to pay stamp duty on the insurance premiums.

In the circumstances immediately above, Section 42AA of the Act puts the onus on the insured party to lodge a return and pay the relevant stamp duty.

In some instances insured persons, placing insurance through a broker or directly with an insurer that does not carry on business in South Australia, may not be meeting their obligations under Section 42AA of the Act.

RevenueSA encourages businesses and individuals who have become aware of their tax obligations to come forward and make a voluntary disclosure.

Taxpayers who may be breaching the provisions of the various acts that RevenueSA administers and who make voluntary disclosures are treated more favourably than those where non-compliance is discovered through audit or investigation. Voluntary disclosures provide taxpayers with the benefit of reduced penalty tax and interest.

Should you have any queries you are invited to contact Nathan Clarke on **(08) 8226 1834** or via email at: nathan.clarke@sa.gov.au.

Mike Walker
COMMISSIONER OF STATE TAXATION

11 December 2009

Further Information

Further information can be obtained from RevenueSA.

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