

Stamp Duty Exemption for Insurance Products - NSW



Guidance Note for Brokers

22 December 2017

The New South Wales (NSW) Government will abolish stamp duty for small business on selected insurance products in NSW from 1 January 2018.

To get the new exemption, as outlined in the Duties Act 1997 (NSW) (Duties Act), a small business declaration is required.

Brokers will play a key role in ensuring clients get the exemption. This includes getting small business declarations from clients and providing confirmation of this to Chubb.

Here is a Q&A to explain.

Which businesses will be exempt from NSW stamp duty?

NSW stamp duty will be exempt for small businesses with aggregate turnover less than \$2 million per annum. (More specific guidance about eligibility is available within the Duties Act).

What products are eligible for the exemption?

- Commercial vehicle insurance for a motor vehicle that is used primarily for business purposes.
- Commercial aviation insurance for an aircraft that is used primarily for business purposes.
- Occupational indemnity insurance, covering liability arising out of the provision by a person of professional services or other services (other than insurance providing medical indemnity cover).
- Product and public liability insurance, covering liability for personal injury or property damage occurring in connection with a business or arising out of the products or services of a business.

When is the declaration required?

From 1 January 2018, to claim the exemption, a client's small business declaration is required prior to the contract of insurance being effected or renewed.

Are there penalties for false declarations?

The maximum penalty facing a client who falsely claims the exemption is \$11,000.

What do I have to confirm on behalf of my client for the exemption?

Brokers will be asked to confirm the following:

“I confirm that my client (policyholder) is/will be a CGT small business entity (within the meaning of section 152-10 (1AA) of the Income Tax Assessment Act 1997 of the Commonwealth) for the income year in which the insurance is effected or renewed and that I have obtained a declaration to that effect from my client which I am able to produce if requested to do so by the Chief Commissioner.”

Are NSW stamp duty refunds available if declarations are made after insurance is bound?

To guarantee the saving for clients, please ensure declarations are made prior to the insurance cover being effected or renewed. If an insurer does not have confirmation of a small business declaration as at the date the policy is effected or renewed then the policy is liable to duty.

How are multi-line or multi-State products handled?

If part of a bundled product is exempt, or if some of the premium is apportioned to other States and Territories, the NSW Stamp Duty exemption is apportioned accordingly.

What are the next steps?

For Chubb renewals and new business, brokers can confirm that they've received a small business declaration from their clients for relevant products. This will be done by new confirmation sections within online systems or via a small business confirmation form for products transacted outside of online systems.

Where can I find further details?

Please visit <http://revenue.nsw.gov.au/taxes/insurance/exemptions/sbe> or contact your local Chubb team.