

Duty payable on international travel insurance policies

Revenue Ruling DA.041

Replaces SD.002

Preamble

Division 1 of Part 2 of Chapter 8 of the *Duties Act 2000* (the Act) charges duty on the amount of premium paid in relation to a contract of insurance that effects general insurance, including travel insurance. General insurance is any kind of insurance that is applicable to property in Victoria or a risk, contingency or event concerning an act or omission that, in the normal course of events, may occur within, or partly within Victoria or both. A general insurer is defined in section 184 of the Act and all general insurers are required to be registered with the Commissioner of State Revenue (the Commissioner).

According to section 180 of the Act, the general insurer is liable to pay the duty, except where section 181 of the Act applies. Section 181 of the Act provides that a person is liable for the duty if the person obtains, effects or renews general insurance as an insured person with an unregistered insurer. Where section 181 of the Act applies, the insured person is responsible for lodging the appropriate return with the Commissioner along with the applicable duty.

A contract of insurance may insure property in Victoria and property in another place, or any risk or contingency concerning an act or omission that, in the normal course of events, may occur within (or partly within) Victoria as well as within (or partly within) another place. An example of such a contract of insurance is a travel insurance policy which is generally issued to provide cover against numerous contingencies (e.g. baggage loss, ticket cancellation and overseas medical expenses). For such a contract of insurance, Division 3 of Part 2 of Chapter 8 of the Act provides for the apportionment of the insurance premium between the States and Territories to avoid the imposition of double or multiple duty and to give each jurisdiction its appropriate share of the duty.

The purpose of this Revenue Ruling is to provide guidance for the apportionment of insurance premiums relating to policies of international travel insurance in Victoria. (For the apportionment of premiums for all other types of insurance, please refer to Revenue Ruling DA.042).

Ruling

Pursuant to section 193 of the Act, the Commissioner may adopt a Schedule of Apportionment for the purpose of apportioning insurance premiums. Where a Schedule of Apportionment has been adopted, section 194 of the Act requires a premium to be apportioned in accordance with the Schedule of Apportionment.

In accordance with section 193 of the Act, the Commissioner adopts the following Schedule of Apportionment in respect of premiums paid to effect international travel insurance.

Schedule of apportionment

The Commissioner has determined that in respect of premiums paid to effect international travel insurance, the amount of duty payable in Victoria (at the rate of 10%) is on 10% of the premium received where the place of residence of the person insured or place of registration of business is in Victoria.

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.001.