

Monday March 30, 2015

## Insurance Council welcomes Federal tax discussion paper

The Insurance Council of Australia (ICA) has welcomed the specific attention paid to the impact of stamp duties and levies on insurance in the Federal Government's tax white paper, *'Re:think. Better tax system, better Australia'*.

Insurance Council CEO Rob Whelan said stamp duties and levies on insurance were highly inefficient and unfair, and a direct disincentive for consumers to be adequately insured.

"Tax on insurance is an issue in all states and territories, and the ICA acknowledges that all governments are under fiscal pressure. However, tax reform, which directly benefits consumers, must be a high priority for all governments," he said.

The ICA noted that the ACT was the only state or territory that was phasing out taxes on insurance policies, with these to be fully abolished by July 1, 2016. In other states and territories, the GST and stamp duties combined add 19 to 22 per cent to the cost of insurance to consumers.

In New South Wales, taxes typically add more than 40 per cent to the amount paid by consumers on their home and contents policies due to the addition of an Emergency Services Levy on top of taxes.

Other states such as Tasmania and Queensland have increased their stamp duties on insurance over the past two years.

Many reports and inquiries have recommended taxes and levies on insurance be removed because they are unfair, inefficient and inequitable. The Henry Tax Review, Productivity Commission Report into Barriers to Effective Climate Change Adaptation and the 2009 Bushfires Royal Commission all recommended the removal of taxes on insurance products.

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