

Taxation Administration (Special Arrangements—Lodging of Returns) Approval 2016 (No 1)

Disallowable instrument DI2016–157

made under the

Taxation Administration Act 1999, s 42 (Special arrangements for classes of people)

EXPLANATORY STATEMENT

1. This disallowable instrument commences on 1 July 2016.
2. Insurance duty is payable on the amount of premium paid in relation to a contract for general or life insurance under the *Duties Act 1999* (Duties Act).
3. The Duties Act requires insurance companies to submit returns and payments on or before the 21st day of each month to the Commissioner for ACT Revenue (the Commissioner).
4. As part of the ACT's taxation reform measures, the duty rate for insurance premiums will reduce to nil on 1 July 2016 under DI2016-139.
5. However, without legislative amendment the Duties Act will continue to require insurers to lodge returns each month.
6. Under section 42 of the *Taxation Administration Act 1999* the Commissioner has the authority to approve by disallowable instrument special arrangements for specified classes of taxpayers. Under section 42 (4) (a) of the *Taxation Administration Act 1999* an approval may provide an exemption for taxpayers from stated provisions of a tax law.
7. This instrument exempts registered insurers from the requirement to lodge monthly returns to the ACT Revenue Office (section 194 of the Duties Act) as no insurance duty will be payable in relation to policies or premiums effected or paid on and after 1 July 2016.
8. This instrument also exempts insured people from any requirement to themselves lodge returns with the Commissioner in the circumstances required by the Act (sections 180 and 187).

9. Finally, this instrument exempts life companies from the requirement to endorse life insurance policies in a way approved by the Commissioner (section 184).
10. The suspension of returns by disallowable instrument in conjunction with the determination of 0 per cent insurance duty rates under DI2016-139 is an administrative measure, to ensure taxpayer confidence and certainty, until the relevant provisions of the Duties Act can be repealed under the ACT's taxation reform.
11. This instrument does not affect insurers' obligations to lodge returns and pay insurance duty on or after 1 July 2016 if the policy or premium was paid or effected before 1 July 2016.

Authorised by the Commissioner for ACT Revenue
Kim Salisbury