

February 13, 2015

Insurance Council welcomes SA tax review discussion paper

The Insurance Council of Australia (ICA) has welcomed the South Australian Government's release of its State Tax Review Discussion Paper, which calls for community discussion of options to reform its taxation system.

ICA CEO Rob Whelan said substantive tax reform was a must for both state and federal governments.

"We commend the South Australian Government for initiating a community-based discussion of tax reform options," Mr Whelan said.

"Many reports and inquiries have recommended taxes and levies on insurance be removed because they are unfair, inefficient and inequitable, and are a significant cost disincentive to consumers taking out insurance or ensuring they're properly insured.

"We have long argued for the abolition of all state levies and stamp duties, and believe action is achievable if state and federal governments work together on tax reform."

The ICA will review the Discussion Paper and prepare an industry response.

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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Notes for editors:

Submissions on the Discussion Paper close on Friday April 10, 2015.

Comparative stamp duty rates on insurance products

SA: 11 per cent on all house and contents policies and car insurance policies

QLD: 9 per cent (up from 7.5 per cent on household policies and 5 per cent on motor vehicle policies from August 2013)

NSW: 9 per cent on home and contents policies; 5 per cent on motor vehicle policies. NSW also applies an Emergency Services Levy that typically adds about 21 per cent to base premiums

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VIC: 10 per cent (note: Victoria abolished its Fire Services Levy on insurance policies as of July 1, 2013)

WA: 10 per cent

TAS: 10 per cent

NT: 10 per cent

ACT: 4 per cent (originally 10 per cent, but phasing out to zero by July 1, 2016)