

Monday June 1, 2015

Insurers welcome ACT's rollback of insurance taxes

The Insurance Council of Australia (ICA) welcomes the ACT Government's continued commitment to reduce unfair taxes on insurance policies. Today's Budget drops insurance stamp duties to just 2 per cent – the lowest in Australia.

From July 1, 2015, ACT policyholders will see 2 percentage points slashed from the final price they pay for their insurance. The reduction from 4 to 2 per cent is part of a five-year phase-out of stamp duties announced in June 2012.

ICA CEO Rob Whelan said consumers and businesses should be pleased the ACT Government remained focused on removing all stamp duties on insurance.

"The ICA congratulates the ACT Government for its ongoing commitment to abolishing this pernicious tax," Mr Whelan said. "By July 1 next year the ACT will be the only jurisdiction in Australia to have totally removed these unfair, inefficient and inequitable taxes on insurance.

"All state and territory governments should follow the ACT's example and the ICA urges them to use the current Commonwealth tax review to achieve comprehensive reform. Taxes and duties on insurance are archaic. They have a significant detrimental impact on the final price consumers pay for their insurance, and they have a disproportionate impact on households at the lower end of the income scale.

"Removing stamp duties and levies on insurance helps improve insurance affordability and reduces the level of non-insurance and underinsurance in the community."

The ICA believes abolition of all state levies and stamp duties is achievable if state and federal governments work together on tax reform. 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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