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Public Ruling Duties Act:

INSURANCE DUTY ON POLICIES OF ACCIDENT INSURANCE UNDER THE WORKERS' COMPENSATION AND REHABILITATION ACT 2003 SUBJECT TO GST

A Public Ruling, when issued, is the published view of the Commissioner of State Revenue (the Commissioner) on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue(s) it addresses. Where a change in legislation or case law (the law) affects the content of a Public Ruling, the change in the law overrides the Public Ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant or exemption, as the case may be, in accordance with the law.

What this Ruling is about

1. This Public Ruling clarifies how insurance duty is imposed on accident insurance under Chapter 8 of the *Duties Act 2001* (the Duties Act) in relation to policies which attract the goods and services tax (GST).
2. Insurance duty in respect of accident insurance is imposed on the net premiums charged for the insurance.¹
3. The expression 'net premiums charged' is defined under s.356 of the Duties Act as for accident insurance, are all amounts charged to policy holders under the *Workers' Compensation and Rehabilitation Act 2003* for premiums after any adjustments are made for any previous period.
4. The rate of insurance duty for accident insurance is prescribed under s.362(3) of the Duties Act.
5. In this Public Ruling, insurance policies of this type are called 'WorkCover Policies'.
6. Under A New Tax System (Goods and Services Tax) Act 1999 (Cth) (GST Act), GST is imposed on taxable supplies at 10% of the value of the supply.²

¹ Section 349(2)(c) of the Duties Act

² Sections 7-1(1) and 9-70, GST Act

7. The value of the taxable supply is 10/11ths of the price.³
8. The price of a taxable supply is the amount or market value of the consideration for the supply without any discount for the amount of GST (if any) payable on the supply⁴.
9. GST is payable by the person who makes the taxable supply.⁵

Ruling and explanation

10. Where WorkCover Queensland increase a premium for a WorkCover policy to take account of the insurer's liability for GST, the increased premium will form part of the net premiums charged as defined under s.356 of the Duties Act upon which insurance duty is imposed.
11. Where WorkCover Queensland for a WorkCover policy demands the payment of a premium plus an amount for the GST payable by the insurer, the separately itemised GST component forms part of the consideration for the supply. This is because the consideration is determined without any discount for the GST payable on the supply.⁶ As such, the sum of the premium and the separate GST component forms part of net premiums charged as defined under s.356 of the Duties Act upon which insurance duty is imposed.

Date of effect

12. This Public Ruling takes effect from the date of issue.

David Smith
 Commissioner of State Revenue
 Date of Issue 24 February 2009

References

Public Ruling	Issued	Dates of effect	
		From	To
DA356.1.1	24 February 2009	24 February 2009	Current
Supersedes Revenue Ruling DA 7.1	1 March 2002	1 March 2002	23 February 2009

³ Section 9-75, GST Act

⁴ Section 9-75, GST Act

⁵ Section 9-40, GST Act

⁶ Section 9-75, GST Act