

June 8, 2010

Abolition of IPT in NSW Budget

The Insurance Council of Australia today welcomed the NSW Government's announcement that it will abolish the Insurance Protection Tax (IPT) from the 2011/2012 financial year.

The IPT was introduced in 2001 and imposed on insurers as a means of funding the outstanding claims obligations arising from the collapse of the failed insurer, HIH.

Legislation for the IPT prevents general insurers from passing on the IPT impost through to insurance policy holders.

The IPT collects \$69 million per annum.

ICA Chief Executive, Rob Whelan, today welcomed the NSW Government's decision to abolish the IPT and remove the proceeds of the tax from the forward estimates.

Mr Whelan said the ICA agreed with the Henry Tax Review which identified insurance taxes as among the most inefficient of all taxes.

He said abolition of the IPT demonstrates the State Government's commitment to make the removal of these inefficient taxes a priority.

"The unequivocal recommendation from the Henry Tax Review is that the States should abolish all taxes on insurance – whether they be, fire and emergency services levies or stamp duties," Mr Whelan said.

"The Insurance Council welcomes the NSW government's announcement as a positive step towards the full implementation of the Henry Review recommendations to remove all insurance taxes."

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