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## ICA welcomes Henry Review

The Insurance Council of Australia (ICA) today welcomed the release of the Henry Tax Review which recommends the abolition of taxes on insurance including removal of the Fire Services Levy (FSL).

Insurance Council of Australia Chief Executive Officer, Mr Rob Whelan, said Recommendation 79 is an important step forward for the industry as it recognises that taxes on insurance are not only inefficient but a key contributor to the serious problem of underinsurance in Australia.

He said Recommendation 79 states that insurance products should be treated the same as other services in Australia and only be subjected to a broad-based single tax on consumption.

In its submission to the Henry Review, Mr Whelan said the ICA demonstrated the inequity of specific state-based taxes on policyholders.

He said taxes on insurance are a disincentive to consumers and create a barrier to the affordability of cover.

“We agree with the Review that this is particularly true for low-income households that are the least able to recover from an incident in the absence of insurance,” Mr Whelan said.

The ICA supported the Review’s long term objective of replacing inefficient state taxes, such as those on insurance, with a broadly-based cash flow tax.

“This is consistent with the approach outlined in our submission which supports broad-based taxes such as payroll,” Mr Whelan said.

“It is encouraging to see that the Federal Government has not ruled out this option.

“The ICA eagerly awaits a formal response to these recommendations by both the Federal and State Governments.

“The abolition of taxes on insurance is a positive step in the right direction and encourage all levels of government to make insurance taxation reform an immediate priority,” Mr Whelan said.

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