

NSW Small Business Exemption of Stamp Duty - FAQs

Q: *What has changed?*

A: In the 2017/18 NSW State Budget, the NSW Government announced that from 1 January 2018 there would be an exemption of Stamp Duty to certain insurance products as well as for Small Business

Q: *What is exempt?*

A: From 1 January 2018

- Crop and livestock insurance will not be liable to duty.
- Small businesses (turnover of less than \$2 million per year) are not liable to duty on certain types of insurance
 - The exemption will apply to the following types of insurance:
 - Commercial vehicle insurance - for a motor vehicle used primarily for business purposes
 - Commercial aviation insurance - for an aircraft used primarily for business purposes
 - Occupational indemnity insurance – insurance covering liability arising out of the provision by a person of professional services or other services (other than medical indemnity cover within the meaning of the Medical Indemnity Act 2002 of the Commonwealth)
 - Product and public liability insurance – insurance covering liability for personal injury of property damage occurring in connection with a business or arising out of the products or services of a business.

Q: *How would an insurer (NTI) know that a policyholder is small business so they are not charged duty on their policy?*

A: NTI will require the insured to provide a small business declaration. This is a declaration by the insured, in writing, to the effect that the person is a small business at the time that the contract of insurance is effected or renewed.

Q: *What if the policyholder took out the insurance before 1 January 2018, can they receive a refund?*

A: No. The exemption only applies to insurance policies affected or renewed on or after 1 January 2018.

Q: *The policyholder has a policy that takes effect in December 2017 but the premium is not due until January 2018. Is this policy liable to duty?*

A: Yes, as the policy is affected prior to 1 January 2018 it will remain liable for duty. It does not matter when the premium is paid.

Q: *What if the policyholder is a small business and their insurance policy shows that they are being charged duty after 1 January 2018?*

A: A small business is not liable to duty for certain types of Insurance where the premium is paid on or after 1 January 2018. The policy may include multiple types of insurance which may not always be clear. Duty will continue to apply to other types of insurance and this may be why they will still see duty on their policy after 1 January 2018.

Q: *What if the policy covers multiple risks?*

A: If the policy covers multiple types of insurance, then the premium will require apportionment between the different types in order to determine the duty payable.

Similarly, if the policy applies across multiple States or Territories then the premium will require apportionment in order to calculate any duty payable for each State or Territory.

Q: *What if the premium is being paid in instalments?*

A: If a policy is affected or renewed before 1 January 2018 it will remain liable to duty. It does not matter if the premium is paid before or after 1 January 2018 or if the premium is paid in instalments.

Q: *What happens if a customer fails to declare they are Stamp Duty exempt?*

A: It is a legislative requirement for the customer to provide a Stamp Duty Exemption Declaration every 12 months upon their renewal.

If a Stamp Duty Exemption Declaration is not received, the BDO will need to edit the Policy and change the status to 'No' (not Stamp Duty Exempt) and reissue renewal terms with the Stamp Duty applied.

Insurance products are provided by National Transport Insurance, a joint venture of the insurers CGU Australia Pty Ltd trading as CGU Insurance ABN 62 004 478 960 AFSL 700014 and AAI Limited Trading as Vero Insurance ABN 48 005 297 807 AFSL 230859 each holding a 50% share. National Transport Insurance is administered on behalf of the insurers by its manager NTI Limited ABN 84 000 746 109 AFSL 237246. 1OCT25

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