

<b>Title</b>	Canadian Provincial Premium Tax Marine Exemption
<b>Purpose</b>	To clarify the Canadian provincial premium tax marine exemption and the reporting requirements to Xchanging
<b>Type</b>	Event
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<b>Date</b>	4 December 2017
<b>Deadline</b>	This bulletin has effect from 1/1/2018

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**Related links**

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Lloyd's Tax Department has recently concluded a provincial premium tax audit with the British Columbian tax authorities, during which it was brought to our attention that the marine exemption is not being accurately applied to Canadian marine policies.

In order to address the concerns of the tax authority, all marine business will be treated as taxable unless the underwriter clearly states that it is exempt marine business on the MRC or other documentation presented to Xchanging.

The marine tax exemption is very narrow and only limited to risks associated with navigation of the sea, e.g. ship's hull & liability and marine cargo. Other risks written in the marine market are treated as accident, property or liability risks for Canadian regulatory and tax purposes.

“Marine” insurance has a very narrow definition under Canadian legislation and is limited to:

“.....insurance against liability arising out of;

- (a) bodily injury to, or the death of, a person, or the loss of, or damage to, property, or
- (b) the loss of, or damage to, property,

occurring during a voyage or *marine adventure* at sea or on an inland waterway, or during a delay or a transit other than by water that is incidental to a voyage or *marine adventure* at sea or on an inland waterway.....”

"marine adventure" means any situation where “....insurable property is exposed to *maritime perils*,...”

"maritime perils" means “.....perils consequent on or incidental to *navigation*....”

It is the Lloyd’s underwriter’s responsibility to ensure that satisfactory information is captured and failure to do so will result in them becoming liable for any taxes assessed. Lloyd’s tax department is not responsible for checking or policing the quality of information captured and in the absence of satisfactory evidence will not automatically investigate and challenge the tax authority’s assessment.

From 1 January 2018 Xchanging will be capturing this information and checking that it is provided. As previously stated, failure to state that the marine business is exempt will result in the risk being treated as taxable.

For further guidance on the application of Canadian premium taxes please see Crystal.

If you have any questions or require further information please contact Mary O’Brien on +44 (0) 20 7327 6852 or e-mail [mary.obrien@lloyds.com](mailto:mary.obrien@lloyds.com) or Charlie Dyer on +44 (0) 20 7327 6836 or email [charlie.dyer@lloyds.com](mailto:charlie.dyer@lloyds.com)