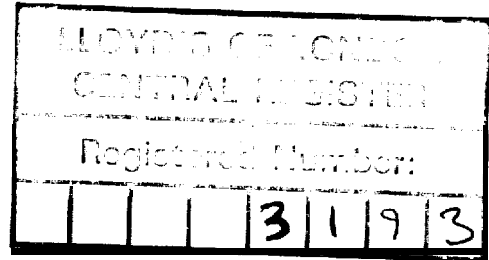


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FROM: Manager - International Tax, Taxation Department  
LOCATION: 86/444  
EXTENSION: 6860  
DATE: 24 July 1995  
REFERENCE: TAX/MCM/ln/X884  
SUBJECT: BELGIUM - APPOINTMENT OF FISCAL REPRESENTATIVE

ACTION POINTS: Underwriters and brokers to read and note  
DEADLINE: Immediate

1. **Background**

- 1.1 A premium tax is payable on all insurance premiums where the associated risk is located in Belgium unless it is specifically exempted. Reinsurance, life and work/accident insurance schemes are exempt, as is ocean going hull (although not ships used for inland navigation) and aviation hull for aircraft used in international traffic,

The following rates of tax apply for taxable risks :

1.4%	-	Goods in international transit
9.25%	-	AH other business

**Please note that if an underwriter or broker is not sure which rate of tax applies, they can telephone the premium tax helpline for assistance - [0171-327-5111, Lloyd's extension 5111].**

- 1.2 A risk is located in Belgium if the insurance :

(i) relates to buildings and moveable property contained in buildings and the property is located in Belgium ;

- (ii) relates to any vehicle of any type which is registered in Belgium (“vehicle” includes motor vehicles, ships, yachts and aircraft) :
- (iii) is a policy of up to 4 months duration which covers a travel or holiday risk when the policy is taken out in Belgium; or
- (iv) is of a type not covered in (i) to (iii) above and the policyholder is either :

**an individual habitually residing in Belgium, or  
a corporate entity, and the establishment to which the policy relates is in  
Belgium.**

- 1.3 Where business is placed through Belgium intermediaries the intermediary is responsible for collecting the tax and paying it over to the Belgian tax authorities. If there is no Belgian intermediary the insured has been required to make the tax payment.
- 1.4 These arrangements have now been varied where premiums are paid to a foreign insurer and there is no Belgian intermediary. The insurer is required to appoint a fiscal representative who will assume responsibility for collecting the premium tax and paying it over to the Belgian tax authorities.

THERE HAVE BEEN NO CHANGES IN THE PROCEDURES WHERE THERE IS  
A BELGIAN INTERMEDIARY AND THE INTERMEDIARY CONTINUES TO BE  
RESPONSIBLE FOR MAKING THE TAX PAYMENT.

## **2. Lloyd ‘s fiscal representative**

- 2.1 To ensure that Lloyds Underwriters writing direct assured business meet their fiscal obligations in Belgium a fiscal representative is being appointed.
- 2.2 In future the correct amount of tax must be collected with the premium from the insured and paid over to Underwriters. The tax will then be collected from the syndicates concerned once a month and payment will be arranged centrally by the Corporation.

## **3. How the tax will be collected**

- 3.1 The new arrangements have immediate effect and Underwriters should ensure that all future direct assured business which they write, including additional premiums, should make provision, where applicable, for the payment of tax.
- 3.2 The lead underwriter is responsible for deciding whether a risk is taxable or not. If it is taxable he must show on panel 2 of the original paper slip, next to the heading “Premium” plus x% Belgium premium tax on y%. (The x% shows the rate of tax payable and the y% shows the proportion of the risk which is subject to tax.) Alternatively where it is more appropriate to do so the leader or broker may show the amount of taxable premium in the original currency.
- 3.3 Where the slip comprises more than one risk code, the proportion of taxable premium applicable to each risk coded slip section must be clearly shown and agreed on the slip.

- 3.4 **No brokerage, commission or any deduction maybe made from the tax amount.**
- 3.5 **The broker should include the tax with the premium in the gross premium box on the LPAN.** The tax must therefore be expressed in the same currency as the premium.
- 3.6 The premium plus the tax will be accounted by the broker and the total paid through to the Underwriter in the normal way. The Underwriter's signing message will not identify the tax as a separate amount and the total shown for the premium will therefore include the tax.
- 3.7 A new FIL code of BC will be used by the Corporation to identify this direct assured business.
- 3.8 Market Financial Services will collect the tax on a monthly basis and payment will then be made to the Belgian tax authorities by the fiscal representative.

**4. Documentation for the assured**

- 4.1 **Clarification is being sought as to whether the amount of tax should be shown on the policy/certificate documentation and further information will be given regarding this as soon as possible.**

**5. Other tax arrangements**

- 5.1 **The** other tax arrangements which apply in Belgium continue unchanged.

**6. Conclusion**

- 6.1 **These** arrangements have had to be put in place at short notice and it is recognised that this Bulletin may not cover every detail. If an Underwriter or broker has any general queries on this bulletin, they should contact Roger Ramage on Lloyd's extension 6852 or Maureen McLeod on Lloyd's extension 6860. This bulletin is being sent to all Underwriters, Lloyd's brokers and recognised auditors.
- 6.2 The arrangements will be reviewed later in the year and if appropriate modified in the light of experience.

*Maureen McLeod*

Maureen McLeod  
Taxation Department