

FROM: Head of Taxation EXTN: 5228  
DATE: 18 January 2005 REF: Y3485  
SUBJECT: **CANADA: PAYMENT OF PROVINCIAL PREMIUM TAXES**  
SUBJECT AREA(S): Canadian premium taxes  
ATTACHMENTS: None

---

ACTION POINTS: **To note new arrangements for Scheme Canada tax collections**  
DEADLINE(S): None

---

This bulletin informs agents of a change in the way Canadian provincial premium taxes will be paid on Canadian business which is processed through Scheme Canada. The change is effective from 1 January 2005.

Provincial premium taxes for non-Scheme Canada business have been collected from syndicates since 1 January 2001 in accordance with procedures outlined in Market Bulletin Y2683 of 4 January 2002. Most provinces require payments on account, based on the tax due for the preceding year, to be made on a monthly or quarterly basis. After the year end the final tax liability is calculated and a balancing payment or repayment is made depending on whether the actual tax liability is more or less than the payments made on account.

With effect from January 2005 these collections will also include the taxes due on Scheme Canada business. For 2005 and future years the payments on account and balancing payments relating to Scheme Canada business will be collected from syndicates in the same way as non-Scheme Canada business. Taxes will no longer be deducted from premiums in the Scheme Canada processing, and payments on account will no longer be funded centrally.

Starting on 20 January 2005 monthly tax collections will therefore be made to fund payments on account for all Canadian business. These collections will be made under tabulation numbers 784 and 787. Further information on Canadian premium taxes can be found on the Lloyd's taxation webpages at [www.loyds.com/taxation](http://www.loyds.com/taxation).

This bulletin is being sent to all managing agents and Lloyd's brokers. If you have any queries please contact:

Roger Ramage tel: 020 7 327 6852 email: [roger.e.ramage@loyds.com](mailto:roger.e.ramage@loyds.com); or  
Harinder Sandhu tel: 020 7327 5396 email: [harinder.sandhu@loyds.com](mailto:harinder.sandhu@loyds.com).

David Clissitt  
Head of Taxation