

MARKET BULLETIN

REF: Y4320

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| Title | Germany France* and Monaco– revised tax handling procedures |
| Purpose | Underwriters and coverholders to note and action changes to the handling procedure for premium taxes and other parafiscal charges. |
| Type | Event |
| From | Nick Marman, Indirect Tax Manager, Lloyd's Tax Department Tel: 020 7327 6727, email: nick.marman@lloyds.com |
| Date | 12 October 2009 |
| Deadline | Changes will be effective from 1 st January 2010 |
| Related links | http://www.lloyds.com/Crystal/CrystalSearch.aspx |

This bulletin advises the Market of changes to the procedures for handling German, French and Monegasque premium taxes and other parafiscal charges. The changes will only impact on German, French and Monegasque coverholders who currently handle taxes locally and does not affect the special arrangements for German marine hull business.

With effect from 1st January 2010 all premium taxes and fire brigade / parafiscal charges incurred in relation to Lloyd's business must be paid through to syndicates rather than settled locally by coverholders. The change applies to all business incepting after 31st December 2009 and to any additional premiums or adjustments processed after that date irrespective of the inception date of the original policy.

Underwriters may implement the changes with immediate effect if arrangements can be put in place to do so. In all cases Lloyd's underwriters should ensure that German, French and Monegasque coverholders they deal with are made aware of the changes by 31st October 2009.

Xchanging have been advised of the change and will be checking that taxes have been correctly applied and accounted for on this business. Any business presented without the appropriate taxes and parafiscal charges after 31st December 2009 will be queried and will not be processed, subject to the exception set out below.

In the case of a co-insurance arrangement where the lead underwriter (non-Lloyd's) has taken responsibility for handling local taxes this business may only be processed through

* France: the change applies to Metropolitan France and Overseas Departments (also known as DOMs)

Xchanging without tax with the explicit agreement of the Lloyd's underwriter and the documentation must clearly evidence that the tax has been handled by the lead underwriter.

Underwriters should note that not every country allows for all of the tax due to be handled by the lead, if there is any doubt as to the correct treatment underwriters should consult Crystal or contact Lloyd's tax department.

For more information in respect of taxes or payment procedures please refer to the appropriate tax pages on Crystal - <http://www.lloyds.com/Crystal/CrystalSearch.aspx>

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