

## NSW Stamp Duty Small Business Insurance Exemption Declaration

The NSW Government has created a new small business stamp duty exemption in the Duties Act 1997 (NSW) (the Act) for eligible insurance acquired on or after 1 January 2018. In order to get the benefit of the exemption, the insured person must:

- Be an eligible small business; and
- Provide a Declaration to the insurer in an approved form.

### What types of insurance are eligible for the exemption?

The types of insurance that may be eligible include:

- Commercial vehicle insurance, for a motor vehicle that is used primarily for business purposes.
- Occupational indemnity insurance (including professional indemnity) covering liability arising out of the provision by a person of professional services or other services (other than medical indemnity cover).
- Product and public liability insurance covering liability for personal injury or property damage occurring in connection with a business or arising out of the products or services of a business.
- Commercial aviation insurance for an aircraft that is used primarily for business purposes.

Special definitions apply to each of these insurances. Refer to Section 259B of the Act for full details. Insurers will only apply the exemption where they determine the policy is affected (in whole or part).

### When does the exemption apply?

The exemption only applies if the eligible insurance is in a contract effected (new business or variations) or renewed on or after 1 January 2018.

### Definition of a small business

The small business definition would usually capture an individual, partnership or trust carrying on a business where their aggregated turnover (as defined in the Act) in the relevant period is less than \$2,000,000. There are several options to determine how the “relevant period” is defined.

The legislation is complex and unfortunately we cannot assist you in determining eligibility for the exemption. We recommend that you seek professional advice to help understand if the exemption applies to you.

Please see Section 259A of the Duties Act 1997 for full details.

## How to complete the required Declaration

An eligible insured person must provide a Declaration that they are a small business at the time the relevant insurance is effected or renewed. By signing the Declaration below your intermediary will be able to declare your exemption on your behalf to GT Insurance.

If the required Declaration is received after the time that the contract of insurance is effected or renewed and the insurer is unable to recover the stamp duty already paid because of this, the insurer reserves the right not to make any premium adjustment or refund or deduct the reasonable costs of any recovery.

## What happens if a false declaration is made?

We recommend you obtain appropriate professional advice and/or otherwise reasonably satisfy your self that the Declaration is not false or misleading as:

- There is a maximum penalty of \$11,000 under the Act if the Declaration is provided knowing that it is false or misleading in a material particular; and
- If the Declaration is false (whether dishonest or not) and this causes the insurer to be liable to pay a duty the insurer may require you to pay an amount equal to the duty together with any interest or penalty tax payable.

## How do I get more information?

Please visit the NSW Revenue website <http://revenue.nsw.gov.au/taxes/insurance> and/or refer to the Duties Act 1997 (NSW).

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## Declaration for the purposes of seeking Small Business Exemption under the Duties Act 1997 (NSW)

At the time that the contract of insurance being applied for is effected or renewed I am/will be a small business as defined in Section 259A of the Duties Act 1997 (NSW) for the purposes of the small business exemption in Section 259B of the Duties Act 1997 (NSW).

Policy Number: \_\_\_\_\_ Date: \_\_\_\_\_

Name of insured person effecting or renewing the contract of insurance (Relevant Person):

\_\_\_\_\_

I declare the above as the Relevant Person or if not the Relevant Person, on their behalf:

\_\_\_\_\_

(Signature)