Deloitte.

URL: http://www.deloitte-tax-news.de/german-tax-legal-news/consequences-of-brexit-on-insurance-premium-tax-liability.html

08.02.2019

German Tax and Legal News

Consequences of Brexit on Insurance Premium Tax liability

IPT generally will have to be paid by the policyholder.

The impending withdrawal of the UK from the EU on 29 March 2019 will have consequences for the tax payment rules in Germany's insurance premium tax (IPT). Specifically, UK insurance companies that cover German risks no longer will be considered the responsible party for payment of the IPT; instead, the tax generally will have to be paid by the policyholder.

Under Germany's IPT, if an insurance policy covers risks that are subject to the tax, the insurer is responsible for reporting and paying the IPT if it is resident or has a registered office or permanent establishment in the EU or the European Economic Area (EEA).

If a UK company is the insurer, once the UK leaves the EU/EEA, the UK insurer no longer will be responsible for paying the IPT, and in general, the policyholder will have to pay the German IPT to the relevant tax authorities (BZSt). However, it is possible to authorize a special IPT agent to collect the insurance premium, and if the agent is resident in the EU/EEA, he will be liable for the IPT payment.

Notwithstanding the above, German law allows a person to declare and pay German tax voluntarily, even if the person is not responsible for paying the tax. As a result, UK insurance companies can continue to pay German IPT under their current IPT registration, even if the UK no longer qualifies as an EU/EEA member state. In such cases, the policyholders should be informed that the UK insurance company will continue to pay German IPT on a voluntary basis and the company should notify and reach an agreement on this procedure with the BZSt.

Notably, businesses that reorganized before Brexit in a way that insurance policies were transferred to a legal entity resident in an EU member state are not affected by the above.

www.deloitte-tax-news.de

Diese Mandanteninformation enthält ausschließlich allgemeine Informationen, die nicht geeignet sind, den besonderen Umständen eines Einzelfalles gerecht zu werden. Sie hat nicht den Sinn, Grundlage für wirtschaftliche oder sonstige Entscheidungen jedweder Art zu sein. Sie stellt keine Beratung, Auskunft oder ein rechtsverbindliches Angebot dar und ist auch nicht geeignet, eine persönliche Beratung zu ersetzen. Sollte jemand Entscheidungen jedweder Art auf Inhalte dieser Mandanteninformation oder Teile davon stützen, handelt dieser ausschließlich auf eigenes Risiko. Deloitte GmbH übernimmt keinerlei Garantie oder Gewährleistung noch haftet sie in irgendeiner anderen Weise für den Inhalt dieser Mandanteninformation. Aus diesem Grunde empfehlen wir stets, eine persönliche Beratung einzuholen.

This client information exclusively contains general information not suitable for addressing the particular circumstances of any individual case. Its purpose is not to be used as a basis for commercial decisions or decisions of any other kind. This client information does neither constitute any advice nor any legally binding information or offer and shall not be deemed suitable for substituting personal advice under any circumstances. Should you base decisions of any kind on the contents of this client information or extracts therefrom, you act solely at your own risk. Deloitte GmbH will not assume any guarantee nor warranty and will not be liable in any other form for the content of this client information. Therefore, we always recommend to obtain personal advice.