



Ministry Of Finance

VAT Department

VAT RULE 2015-014

THE TREATMENT OF INPUT TAX

CREDITS ON INSURANCE

SERVICES TO JUNE 30, 2015



VAT RULE 2015-014
THE TREATMENT OF INPUT TAX CREDITS ON INSURANCE
SERVICES TO JUNE 30, 2015

A. Authority

This Rule is made under section 17 of the Value Added Act, 2014.

B. Legislation

All legislative references are to the Value Added Tax Act, 2014 and/or the Value Added Tax Regulations 2014, unless otherwise stated.

C. This Rule applies in respect of:

- a) Section 50 of the Value Added Tax Act, 2014
- b) Regulation 51 4 (b) of the Value Added Tax Regulations 2014.

D. Application of Rule

This rule is for the purpose of providing clarification on whether input tax credits can be claimed by Insurance Companies during the period January 1 to June 30, 2015 when insurance services will be treated as an exempt supply.

E. Comptroller's Rule

1. During the period January 1 to June 30, 2015 credits may accumulate against claims settled on exempt policies that will become taxable on or after July 1st 2015.
2. Claims will be deemed to include VAT, when settled against VAT receipts or invoices issued to or on behalf of policy holders by VAT registered services providers.
3. Insurers cannot claim these credits before July 1st, 2015.
4. Credits must be claimed in instalment over a period of 12 months beginning with the first filing after July 2015 tax period for monthly returns.



5. Accumulated credits shall not exceed the amount of the Gross Premium taxes paid or assessed on premiums collected during the same 6 months period.
6. Insurers will have to provide a quarterly report on claims settlements.
7. No further input credits may be accumulated on exempt policies after June 30. This would also apply to non-life policies that are exempt on a grandfathered basis
8. Verification of claims paid out must be certified in writing by an external auditor or senior financial officer of the company at level of financial controller or above.

F. The period for which this Rule applies

This Rule shall apply for the period beginning on January 1, 2015 until June 30, 2015.

