
Title Impact of insurance premium tax rate changes on existing insurance policies

Overview This bulletin explains how tax rate changes apply to existing insurance policies which span multiple calendar years.

Legislation or Regulation *Insurance Premium Tax Act Section 2 and 3*

Definitions **Receivable date:** This is the date when the insurance premium payment is due to the insurance seller.

Taxation year: This is the calendar year in which premiums are receivable.

Requirements Changes to insurance premium tax rates typically take effect at the start of a calendar year. If there is a change to the rate of taxation and a policy spans more than one calendar year, the rate is determined by the date the premium is due to the insurance seller.

Example:

- An insurance policy is in effect from July 2020 to June 2021
- A tax rate change occurs effective January 1, 2021
- If monthly payments are due to the insurance seller the prior tax rate applies to any premiums receivable in the year 2020 and the new rate applies to any premiums receivable in the year 2021
- If the premium is paid in full to the insurance seller within 2020, the prior rate applies

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The Insurance Premium Tax Act and regulations are on our website at:

<https://laws.yukon.ca/cms/>