

# IC backs proposed tax cut for non-life sector

THE INSURANCE Commission (IC) supports the non-life sector's proposal of trimming taxes imposed on its premiums, with the regulator to submit its stand on the matter to the government soon.

The Insurance Commissioner said they have yet to submit to the National Tax Research Center their position on the proposed tax reduction on premiums of non-life insurance companies.

*"Hiningan kami ng National Tax Research Center ng opinion namin, hindi pa namin nasusubmit 'yun* (The National Tax Research Center has asked for our opinion but we have not submitted it yet), so we will be submitting in the coming days our position paper on that... We will

support tax reduction for non-life... [and] the conversion of VAT (value-added tax) to premium [tax]," Insurance Commissioner Dennis B. Funa told *BusinessWorld* in an interview when asked for their stand on the proposal.

The IC earlier pushed for the reduction of taxes levied on non-life insurers under the previous administration to put the sector at par with its neighbors. The regulator and non-life sector were earlier battling to cut taxes imposed on non-life insurance premiums to 8% from the current high of 27%, in a bid to increase asset coverage in the country.

House Bill (HB) 3235 filed in the previous Congress eyed to trim taxes imposed on non-life insurance premiums to as low as 2% by

exempting it from the 12% VAT plus a documentary stamp tax ranging from P10 to P100 per year.

The IC had said that instead of the provisions under the bill, non-life insurance should be subject to a 5% VAT that will be called a premium tax, and to a 0.5% documentary stamp tax (DST).

On top of the 5.5% duty, a 2% tax would be collected for fire service tax, and an additional levy will be paid to local government units, which range from 0.15% to 0.75%.

— **Janine Marie D. Soliman and Elijah Joseph C. Tubayan**