



Medical Indemnity (Run-off Cover Support Payment) Act 2004

No. 76, 2004

Compilation No. 3

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Prepared by the Office of Parliamentary Counsel, Canberra

About this compilation

This compilation

This is a compilation of the *Medical Indemnity (Run-off Cover Support Payment) Act 2004* that shows the text of the law as amended and in force on 1 July 2020 (the **compilation date**).

The notes at the end of this compilation (the **endnotes**) include information about amending laws and the amendment history of provisions of the compiled law.

Uncommenced amendments

The effect of uncommenced amendments is not shown in the text of the compiled law. Any uncommenced amendments affecting the law are accessible on the Legislation Register (www.legislation.gov.au). The details of amendments made up to, but not commenced at, the compilation date are underlined in the endnotes. For more information on any uncommenced amendments, see the series page on the Legislation Register for the compiled law.

Application, saving and transitional provisions for provisions and amendments

If the operation of a provision or amendment of the compiled law is affected by an application, saving or transitional provision that is not included in this compilation, details are included in the endnotes.

Editorial changes

For more information about any editorial changes made in this compilation, see the endnotes.

Modifications

If the compiled law is modified by another law, the compiled law operates as modified but the modification does not amend the text of the law. Accordingly, this compilation does not show the text of the compiled law as modified. For more information on any modifications, see the series page on the Legislation Register for the compiled law.

Self-repealing provisions

If a provision of the compiled law has been repealed in accordance with a provision of the law, details are included in the endnotes.

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An Act to impose a tax on premium payments for medical indemnity cover, and for related purposes

1 Short title

This Act may be cited as the *Medical Indemnity (Run-off Cover Support Payment) Act 2004*.

2 Commencement

This Act commences, or is taken to have commenced, on 1 July 2004.

3 Definitions

In this Act, unless the contrary intention appears:

contribution year has the meaning given by section 5.

medical indemnity insurer has the same meaning as in the *Medical Indemnity Act 2002*.

premium income, for a contribution year, has the meaning given by section 7.

run-off cover support payment means a payment that is payable under Division 2 of Part 3 of the *Medical Indemnity Act 2002*.

4 Imposition of run-off cover support payment

For each contribution year, a run-off cover support payment is imposed as a tax on each medical indemnity insurer.

5 Contribution year

- (1) Subject to subsection (2), each:
- (a) financial year; or
 - (b) other period of 12 months specified in the regulations;

that starts on or after 1 July 2004 is a contribution year.

- (2) The regulations may declare that a financial year specified in the regulations is the last contribution year. If they do so, no subsequent financial year, or period of 12 months specified in the regulations for the purposes of paragraph (1)(b), is a contribution year.
- (3) Regulations made for the purposes of paragraph (1)(b) may specify a different period for a particular medical indemnity insurer or class of medical indemnity insurers. If they do so, the reference in subsection (1) to the period is taken, in its application to that insurer or to an insurer of that class, to be a reference to that period for that insurer or class.

6 Amount of run-off cover support payment

- (1) The amount of the run-off cover support payment imposed on a medical indemnity insurer for a contribution year is the applicable percentage of the insurer's premium income for:
 - (a) the period of 12 months ending on 31 May in the contribution year; or
 - (b) such other period as is specified in the regulations.
- (2) The applicable percentage is:
 - (a) 15%; or
 - (b) such lower percentage as is specified in the regulations for the contribution year.
- (3) Regulations made for the purposes of paragraph (1)(b) may specify a different period for a particular medical indemnity insurer or class of medical indemnity insurers. If they do so, the reference in subsection (1) to the period is taken, in its application to that insurer or to an insurer of that class, to be a reference to that period for that insurer or class.
- (4) Regulations made for the purposes of paragraph (2)(b) may specify a different applicable percentage for a particular medical indemnity insurer or class of medical indemnity insurers. If they do so, the

reference in subsection (1) to the applicable percentage is taken, in its application to that insurer or to an insurer of that class, to be a reference to that percentage for that insurer or class.

7 Premium income

- (1) A medical indemnity insurer's ***premium income*** for a period is the sum of all of the premiums paid during the period to the insurer for medical indemnity cover provided for medical practitioners by contracts of insurance with the insurer, and includes:
 - (a) the sum of all amounts that:
 - (i) were paid to the insurer during the period under one or more schemes under subsection 43(1) of the *Medical Indemnity Act 2002*; and
 - (ii) were payments of a kind referred to in paragraph 43(1)(a) of that Act; and
 - (b) the sum of all amounts paid to the insurer during the period that are amounts of a kind specified in the regulations for the purposes of this subsection.
- (2) However, the amount of a medical indemnity insurer's premium income for a period under subsection (1) is reduced by:
 - (a) any amount of GST payable during the period for any supply made by the insurer for which premiums and other amounts referred to in subsection (1) are consideration; and
 - (b) the sum of all amounts of stamp duty payable during the period, under a law of a State or Territory, in connection with medical indemnity cover, or contracts of insurance, referred to in subsection (1); and
 - (c) the sum of all amounts payable during the period that are amounts of a kind specified in the regulations for the purposes of this subsection; and
 - (d) the amount worked out under subsection (2A).
- (2A) The amount referred to in paragraph (2)(d) is worked out as follows:

Section 8

$$\text{Net premium} \times \frac{\text{Applicable rate}}{1 + \text{Applicable rate}}$$

where:

applicable rate is the applicable percentage under subsection 6(2) for the insurer, expressed as a decimal fraction.

net premium is the sum of all the premiums referred to in subsection (1) reduced by the amounts referred to in paragraphs (2)(a), (b) and (c) in relation to those premiums.

(3) In this section:

consideration has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

GST has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

medical indemnity cover has the same meaning as in the *Medical Indemnity Act 2002*.

medical practitioner has the same meaning as it has for the purposes of Division 2B of Part 2 of the *Medical Indemnity Act 2002*.

Note: See subsections 4(1) and (6) of the *Medical Indemnity Act 2002*.

supply has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

8 Regulations

The Governor-General may make regulations prescribing matters:

- (a) required or permitted by this Act to be prescribed; or
- (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.

Endnotes

Endnote 1—About the endnotes

The endnotes provide information about this compilation and the compiled law.

The following endnotes are included in every compilation:

Endnote 1—About the endnotes

Endnote 2—Abbreviation key

Endnote 3—Legislation history

Endnote 4—Amendment history

Abbreviation key—Endnote 2

The abbreviation key sets out abbreviations that may be used in the endnotes.

Legislation history and amendment history—Endnotes 3 and 4

Amending laws are annotated in the legislation history and amendment history.

The legislation history in endnote 3 provides information about each law that has amended (or will amend) the compiled law. The information includes commencement details for amending laws and details of any application, saving or transitional provisions that are not included in this compilation.

The amendment history in endnote 4 provides information about amendments at the provision (generally section or equivalent) level. It also includes information about any provision of the compiled law that has been repealed in accordance with a provision of the law.

Editorial changes

The *Legislation Act 2003* authorises First Parliamentary Counsel to make editorial and presentational changes to a compiled law in preparing a compilation of the law for registration. The changes must not change the effect of the law. Editorial changes take effect from the compilation registration date.

If the compilation includes editorial changes, the endnotes include a brief outline of the changes in general terms. Full details of any changes can be obtained from the Office of Parliamentary Counsel.

Misdescribed amendments

A misdescribed amendment is an amendment that does not accurately describe the amendment to be made. If, despite the misdescription, the amendment can

Endnotes

Endnote 1—About the endnotes

be given effect as intended, the amendment is incorporated into the compiled law and the abbreviation “(md)” added to the details of the amendment included in the amendment history.

If a misdescribed amendment cannot be given effect as intended, the abbreviation “(md not incorp)” is added to the details of the amendment included in the amendment history.

Endnote 2—Abbreviation key

Endnote 2—Abbreviation key

ad = added or inserted	o = order(s)
am = amended	Ord = Ordinance
amdt = amendment	orig = original
c = clause(s)	par = paragraph(s)/subparagraph(s) /sub-subparagraph(s)
C[x] = Compilation No. x	pres = present
Ch = Chapter(s)	prev = previous
def = definition(s)	(prev...) = previously
Dict = Dictionary	Pt = Part(s)
disallowed = disallowed by Parliament	r = regulation(s)/rule(s)
Div = Division(s)	reloc = relocated
ed = editorial change	renum = renumbered
exp = expires/expired or ceases/ceased to have effect	rep = repealed
F = Federal Register of Legislation	rs = repealed and substituted
gaz = gazette	s = section(s)/subsection(s)
LA = <i>Legislation Act 2003</i>	Sch = Schedule(s)
LIA = <i>Legislative Instruments Act 2003</i>	Sdiv = Subdivision(s)
(md) = misdescribed amendment can be given effect	SLI = Select Legislative Instrument
(md not incorp) = misdescribed amendment cannot be given effect	SR = Statutory Rules
mod = modified/modification	Sub-Ch = Sub-Chapter(s)
No. = Number(s)	SubPt = Subpart(s)
	<u>underlining</u> = whole or part not commenced or to be commenced

Endnotes

Endnote 3—Legislation history

Endnote 3—Legislation history

Act	Number and year	Assent	Commencement	Application, saving and transitional provisions
Medical Indemnity (Run-Off Cover Support Payment Act 2004)	76, 2004	23 June 2004	1 July 2004 (s 2)	
Medical Indemnity Legislation Amendment Act 2005	25, 2005	21 Mar 2005	Sch 1 (items 17, 18): 1 July 2005 (s 2(1) item 10)	—
Medical and Midwife Indemnity Legislation Amendment Act 2019	105, 2019	28 Nov 2019	Sch 4 (item 143): 1 July 2020 (s 2(1) item 2)	—

Endnote 4—Amendment history

Endnote 4—Amendment history

Provision affected	How affected
s 7	am No 25, 2005; No 105, 2019