



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

No. 76, 2004

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

Note: An electronic version of this Act is available in SCALEplus
(<http://scaleplus.law.gov.au/html/comact/browse/TOCN.htm>)

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[Assented to 23 June 2004]

The Parliament of Australia enacts:

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:

Section 7

- (i) were paid to the insurer during the period under one or more schemes formulated 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.
- (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.

*[Minister's second reading speech made in—
House of Representatives on 13 May 2004
Senate on 15 June 2004]*

(72/04)