

Earlier this year the NSW Government announced changes to the application of NSW Stamp Duty which will apply to policies that incept on or after 1 January 2018. This applies to new business, endorsements and renewals. The below outlines the changes and the information that is required for the Insured to obtain the exemption.

WHAT IS THE CHANGE?

For insurance policies taken out on or after 1 January 2018, small businesses* that generate all or a portion of their revenue in NSW will be eligible to apply for a NSW stamp duty exemption if:

- a) their total annual turnover in Australia is less than AU\$2 million; and
- b) the Insured provides Liberty with a small business declaration at the time that the insurance is effected or renewed. This can be provided to Liberty via the Insured's broker.

WHAT TYPES OF INSURANCE DOES THIS IMPACT AT LIBERTY?

- occupational indemnity insurance (including PI), covering liability arising out of the provision by a person of professional services or other services (other than medical indemnity cover); and
- public and product liability insurance (including EIL), covering liability for personal injury or property damage occurring in connection with a business or arising out of products or services of a business.

WHAT IS A SMALL BUSINESS DECLARATION?

This is a written declaration provided by an authorised person of the Insured at the time the insurance is taken out.

An electronic version of the declaration with fillable fields can be found [here](#).

* small business is defined under *s259A of the Duties Act 1997 (NSW)*. If you are uncertain whether you classify as small business, please speak to your accountant or financial advisor.

WHAT YOU NEED TO DO

In order to ensure Liberty obtains the declaration, you will need to follow these steps:

1. if the Insured will be completing Liberty's proposal or declaration form, you need to ensure that the Insured declares that they are a small business at the relevant question on the form; or
2. if the Insured is not completing Liberty's proposal or declaration form, the small business declaration (using the format shown under the 'What is a small business declaration' heading, [click here](#)) must be submitted to Liberty before the exemption can be applied.

Please note:

- a new declaration will be required for each policy period of insurance; and
- unless Liberty receives a Small Business Declaration from the Insured in accordance with Ch 8, Pt 5A of the *Duties Act 1997* (NSW) at the time of entering into the contract of insurance, Liberty will charge stamp duty on risks that 1) occur within or partly within NSW or 2) cover NSW property.

WHAT HAPPENS IF A DECLARATION IS NOT RECEIVED?

If the small business declaration is not received by the date the policy is effected, Liberty will charge stamp duty at the rate applicable on the effective date of the policy.

Are there any penalties for providing a false declaration?

Yes, a false declaration may result in penalties of up to AU\$11,000 by Revenue NSW plus the amount of the unpaid stamp duty and penal interest on that amount.

The information in this document is intended to provide general information only. It should not be relied upon as legal advice but act as a general guide to assist with these changes. © 2017 Liberty. This information is current as at November 2017.