

The Insurance Premiums Tax Act

being

Chapter I-10 of *The Revised Statutes of Saskatchewan, 1978* (effective February 26, 1979) as amended by the *Statutes of Saskatchewan, 1979-80, c92; 1983, c47; 1983-84, c16; 1984-85-86, c63; 1988-89, c42; 1997, c12; 2000, c14; 2013, cW-17.11; and 2014, cE-13.1 and c17.*

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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CHAPTER I-10

An Act to impose a Tax on the Income derived from Insurance Premiums

SHORT TITLE

Short title

- 1 This Act may be cited as *The Insurance Premiums Tax Act*.

INTERPRETATION

Interpretation

- 2 In this Act:

- (a) **“annuity contract”** means a contract that provides for the payment of an income for a specified period or for life and under the terms of which the sole benefit stated to be payable by reason of death does not exceed the sum of the amounts paid as consideration for the contract together with interest;
- (b) **“company”** means insurance company;
- (c) **“dividend”**, without restricting the ordinary meaning thereof, includes an amount payable, or subject to be credited, by an insurer to its insured and that is composed in whole or in part of a portion of the amount previously paid by the insured as a premium or as a deposit or payment under a reciprocal contract of indemnity or inter-insurance;
- (d) **“exchange”** means a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other through the same attorney;
- (e) **“fraternal society”** means a company, society, order or voluntary association incorporated or formed and carried on for the benefit of its members and their beneficiaries and not for profit, which makes provision by its constitution and laws for payment to beneficiaries of benefits on the death or disability of its members;
- (e.1) **“hail insurance”** means insurance against loss of or damage to growing crops caused by hail;
- (f) **“insurance”** means insurance as defined in *The Saskatchewan Insurance Act*;

(g) “**insurance company**” means a person or corporation who or which carries on or, under *The Saskatchewan Insurance Act*, is deemed to carry on an insurance business in the province, and includes Saskatchewan Government Insurance continued pursuant to section 3 of *The Saskatchewan Government Insurance Act, 1980*, an attorney authorized to act for, or acting for, a reciprocal or inter-insurance exchange and underwriters or syndicates of underwriters operating on the plan known as Lloyds but does not include:

- (i) the Saskatchewan Crop Insurance Corporation continued pursuant to *The Crop Insurance Act*;
- (ii) a fraternal society;
- (iii) a mutual benefit society;
- (iv) a non-profit health service association or a non-profit association or corporation incorporated under *The Companies Act* to provide health services;
- (v) a pension fund and employees’ mutual benefit societies incorporated under or subject to *The Companies Act*;

(h) “**marine insurance**” means insurance against marine losses, that is to say, the losses incident to marine adventure, and includes such insurance that, by the express terms of a contract or by usage of trade, extends so as to protect the insured against losses on any land or air or inland water risk that is incidental to a sea voyage but does not include inland marine insurance that is not incidental to a sea voyage;

(i) “**minister**” means the member of the Executive Council to whom for the time being the administration of this Act is assigned;

(j) “**mutual benefit society**” means a mutual company formed for the purpose of providing sick and funeral benefits for its members or for this and any other purposes necessary or incidental thereto except life insurance;

(k) “**premium**” means the single or periodic payment made as consideration under a contract of insurance and includes the amount collected from a subscriber under a reciprocal contract of indemnity or inter-insurance for the purpose of defraying losses incurred by the subscribers to a reciprocal or inter-insurance exchange and the necessary operation expenses of the exchange, but does not include any tax, assessment or other amount payable pursuant to *The Health Administration Act* or *The Workers’ Compensation Act, 2013*;

(l) “**superintendent**” means the Superintendent of Insurance.

RSS 1978, cI-10, s2; 1984-85-86, c63, s8; 1997, c12, s7; 2000, c14, s3; 2013, cW-17.11, s189; 2014, c17, s8; 2014, cE-13.1, s62.

REGISTRATION

Registration

3 Every insurance company that is engaged in the business of insurance in the province at the commencement of this Act, or has been so engaged in a period covered by this Act, or that thereafter is so engaged, shall forthwith notify the superintendent of the fact that it is or has been engaged in such operations, and upon discontinuance of those operations shall notify the superintendent of the discontinuance.

RSS 1978, cI-10, s3.

TAXATION, RETURNS, ETC.

Tax on gross premiums

4(1) In this section, “**gross premiums**” means gross insurance premiums receivable by an insurance company or its agents during each year less:

- (a) the cash value of dividends paid or credited to its policy holders; and
- (b) premiums it has returned.

(1.1) Every insurance company shall pay to the minister a tax of 2% calculated on the gross premiums related to life and accident and sickness insurance that is receivable before April 1, 2000, and a tax of 3% calculated on the gross premiums related to life and accident and sickness insurance that is receivable on and after April 1, 2000, from or with respect to persons insured, each of whom is resident in Saskatchewan at the time the respective premium becomes payable, other than:

- (a) premiums with respect to reinsurance ceded to the company by other insurance companies; and
- (b) premiums with respect to annuity contracts.

(1.2) Every insurance company shall pay to the minister a tax of 3% calculated on the gross premiums related to hail insurance that is receivable on and after April 1, 2000 with respect to business transacted in Saskatchewan, other than premiums with respect to reinsurance ceded to the company by other insurance companies;

(2) Every insurance company shall pay to the minister a tax of 3% calculated on the gross premiums related to insurance, other than life and accident and sickness insurance, that is receivable before April 1, 2000, and a tax of 4% calculated on the gross premiums related to insurance, other than life, accident and sickness and hail insurance, that is receivable on and after April 1, 2000, with respect to business transacted in Saskatchewan, other than:

- (a) premiums with respect to reinsurance ceded to the company by other insurance companies; and
- (b) premiums receivable under contracts of marine insurance.

(3) In determining the amount of the tax payable under subsection (2) every premium that, by the terms of the policy or renewal thereof, becomes payable in respect of insurance of a person resident or property situated in Saskatchewan at the time the premium becomes payable whether or not:

- (a) the premium is earned wholly or partly in Saskatchewan;
- (b) the business in respect of the policy is transacted wholly or partly in Saskatchewan; or
- (c) the payment of the premium is made wholly or partly in Saskatchewan;

shall be deemed to be a premium payable in respect of business transacted in Saskatchewan.

(4) Where it is established to the satisfaction of the Lieutenant Governor in Council that a country or any state of a country discriminates unfairly by imposing taxes, fees and other monetary obligations on an insurance company or a particular class of insurance companies organized under the laws of Canada or of Saskatchewan and having their principal offices in Saskatchewan that in the aggregate are in excess of comparable taxes, fees and monetary obligations imposed on a similar company or class of companies incorporated under the laws of that country or state, the Lieutenant Governor in Council may direct that any company or any class of companies incorporated under the laws of that country or state and that transacts business in Saskatchewan, shall pay, in addition to the tax otherwise imposed under this section a tax not exceeding the equivalent of that excess, and the additional tax shall be recoverable in the same manner as any other tax imposed under this Act.

RSS 1978, cI-10, s 4; 1983, c 47, s 2; 2000, c 14,
s 4.

Administration, remission, enforcement

4.1 Unless otherwise provided for in this Act, Part III of *The Revenue and Financial Services Act* and the regulations made pursuant to that Part apply to the administration, enforcement and remission of all taxes imposed pursuant to this Act.

1984-85-86, c 63, s 8; 1988-89, c 42, s 53.

5 to 17 Repealed. 1984-85-86, c 63, s 8.

RECOVERY OF TAXES

Tax constitutes a lien

18(1) A tax imposed or assessed under this Act forms a lien and charge in favour of Her Majesty on the entire assets of the estate of the insurance company in the hands of a trustee, and has priority over all other claims of every person, except claims secured by registered liens, charges or encumbrances thereon registered prior to the imposition or assessment.

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(2) The liens and charges created by this section and their priority shall not be lost or impaired by any neglect, omission or error of the superintendent, or of any agent or officer, or by the taking or failure to take proceedings to recover the taxes due, or by the tender or acceptance of a partial payment of the taxes, or by want of registration.

RSS 1978, cI-10, s 18.

19 to 33 Repealed. 1984-85-86, c 63, s 8.

GENERAL

Regulations

34 For the purpose of carrying into effect the provisions of this Act according to their true intent or of supplying any deficiency therein, the Lieutenant Governor in Council may make such regulations not inconsistent with the spirit of this Act as are considered necessary or advisable, and such regulations shall have the same force and effect as if incorporated herein.

RSS 1978, cI-10, s 34.

35 Repealed. 1984-85-86, c 63, s 8.

