



See completion instructions attached

Protected when completed

Business name	
Mailing Address	
City	
Province	Postal Code

Send this completed return to:  
 CANADA REVENUE AGENCY  
 OTHER LEVIES DIVISION  
 SUMMERSIDE TAX CENTRE  
 275 POPE ROAD, SUITE 101  
 SUMMERSIDE, PE C1N 6E7

<b>1</b> Business Number
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<b>2</b> Filing year (YYYY/MM/DD)
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**INSURANCE PLACED WITH UNAUTHORIZED INSURERS OR WITH AUTHORIZED INSURERS THROUGH BROKERS OR AGENTS OUTSIDE CANADA**

Please check the appropriate box:

**Authorized Insurer for Insurance Contracts**

A return is to be made by insurers for insurance contracts covering risks within Canada placed through brokers or agents outside Canada with insurers authorized under the laws of Canada or of any province to transact the business of insurance.

No return is required for any contract of life insurance, personal accident insurance, sickness insurance or insurance against marine risks, or any contract of insurance against nuclear risks to the extent that such insurance against nuclear risks is not, in the opinion of Canada Revenue Agency (CRA), available within Canada, or any other contract of insurance entered into after February 19, 1973, to the extent that the insurance is not, in the opinion of CRA, available within Canada.

**Brokers or Agents for Insurance Contracts**

Return to be made by brokers or agents for insurance contracts covering risks within Canada placed with insurers not authorized under the laws of Canada or of any province to transact the business of insurance.

No return is required for any contract of life insurance, personal accident insurance, sickness insurance or insurance against marine risks, or any contract of insurance against nuclear risks to the extent that such insurance against nuclear risks is not, in the opinion of CRA, available within Canada, or any other contract of insurance entered into after February 19, 1973, to the extent that the insurance is not, in the opinion of CRA, available within Canada.

For purpose of this tax, an insurer includes any exchange. An 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. A return is required to be filed by brokers or agents for insurance contracts covering risks within Canada placed with an exchange having its chief place of business outside Canada or having a principal attorney-in-fact whose chief place of business is outside Canada.

In addition, a return must be filed by an exchange for insurance contracts covering risks within Canada placed through brokers or agents outside Canada for an exchange authorized under the laws of Canada or of any province to transact the business of insurance.

## DETAILS OF INSURANCE

Name of Insurer/Broker/Agent		Business Number		Filing year (YYYY/MM/DD)		Description of risk	Net Premiums (Canadian funds)
Business Number of Insured (if available)	Legal entity name and Canadian address of Insured	Policy Number	From (YYYY/MM/DD) To (YYYY/MM/DD)	Date of cancellation (if cancelled) (YYYY/MM/DD)	Renewal		
			From To				
			From To				
			From To				
			From To				
			From To				
			From To				

I \_\_\_\_\_ hereby certify that the information provided is, to the best of my knowledge and belief, true and complete.

Signature \_\_\_\_\_ Title \_\_\_\_\_  
 Date \_\_\_\_\_ Telephone number \_\_\_\_\_

- Check box if no insurance is placed
- Check box if you hold a certificate as a Québec special broker



## NOTICE TO BROKERS, AGENTS AND INSURERS

### *Excise Tax Act— Part I*

#### REPORTING REQUIREMENTS REGARDING INSURANCE PLACED WITH UNAUTHORIZED INSURERS OR WITH AUTHORIZED INSURERS THROUGH BROKERS OR AGENTS OUTSIDE CANADA

#### **Description of Tax**

Part I of the *Excise Tax Act* imposes a 10% tax on insurance premiums for persons resident in Canada, including corporations, who place insurance against risks in this country with insurers not incorporated under the laws of Canada or of any province or not formed in Canada or with any exchange having its chief place of business outside Canada or having a principal attorney-in-fact whose chief place of business is outside Canada where the insurer or exchange is not authorized under laws of Canada or the laws of any province to transact the business of insurance.

The 10% tax is also applicable if persons resident in Canada, including corporations, place insurance against risks in this country with insurers, including any exchange, authorized under the laws of Canada or the laws of any province to transact the business of insurance, if the contracts is entered into or renewed through a broker or agent outside Canada.

#### **Information required from Brokers or Agents**

Pursuant to subsection 5(2) of the *Excise Tax Act*, brokers or agents who obtain, effect or place or assist in obtaining, effecting or placing any contract of insurance that are subject to the tax are required to report in a return filed with the Minister the name and address of the person on whose behalf the contract was entered into or renewed and the amount of net premiums paid or payable with respect to the contract. The return is required to be filed not later than March 15th, each year with respect to contracts of insurance entered into or renewed during the immediately preceding calendar year.

When the contract of insurance is entered into or renewed through more than one broker or agent, or when the payment of the premium or any part of it is effected through more than one broker or agent, the contract is deemed to have been entered into or renewed through the broker or agent directly retained or instructed by the insured and not through any other broker or agent.

If you have obtained, effected or placed or assisted in obtaining, effecting or placing any contract of insurance that is subject to the tax, please complete the enclosed information return (B241) and mail to the Canada Revenue Agency (address on reverse).

#### **Information required from Insurers**

Pursuant to subsection 5(3) of the *Excise Tax Act*, any insurer, including an exchange, that enters into or renews a contract of insurance that is subject to the tax is required to report in a return filed with the Minister the name and address of each person with whom or on whose behalf the contract was entered into or renewed, the amount of the net premiums paid or payable during the immediate preceding calendar year with respect to the contract, and the name and address of the broker or agent outside Canada through whom the contract was entered into or renewed. The return is required to be filed not later than March 15th, each year with respect to contracts of insurance entered into or renewed during the immediately preceding calendar year.

If you have entered into or renewed any contract of insurance that is subject to the tax, please complete the enclosed information return (B241) and mail it to the Canada Revenue Agency (address on reverse).

#### **Policies to be Reported**

A contract is considered to be entered into or renewed on the effective date of the contract unless the contract provides that the premiums are payable on a date other than the effective date. In this case, for purposes of filing your return, the contract is considered to be entered into or renewed on the premium payable date.

Therefore, if the date on which the contract is entered into or renewed occurs in the calendar year indicated on the enclosed information return or premiums are payable in the particular calendar year, the policy should be reported in this return.

#### **Due Date for Tax Payable**

The insured's tax return and tax payment are to be filed and remitted on or before April 30th of the year immediately succeeding the year the contract of insurance was entered into or renewed. The Canada Revenue Agency mails tax returns to the insured based on the information reported on the enclosed return.

## Nil Returns

If you have not placed insurance that is subject to the tax, indicate so by checking the appropriate box under Details of Insurance.

## Exception for "Special Brokers" in Québec

The *Act Respecting the Distribution of Financial Products and Services* of the province of Québec provides for issuing special certificates to damage insurance brokers that authorize them to place insurance with insurers not licensed in Québec. The *Act Respecting Insurance* of the province of Québec provides that insurers that have no business office in Québec may nevertheless issue insurance contracts there without a licence, provided they are issued through the "special brokers" and without any advertising or publicity.

Where contracts of insurance are validly placed with unlicensed insurers under the above conditions, the insurer can be considered authorized to transact the business of insurance in the context of Part I of the *Excise Tax Act*. As a result, the insured would not be liable for the 10% tax on premiums described in section 4 of the *Excise Tax Act*.

If you hold a certificate as a special broker in Québec and have validly placed insurance with unauthorized insurers, indicate so by checking the appropriate box under Details of Insurance. In this case, do not provide names, addresses or net premiums for the insured parties.

## Exemption from Tax

We also draw your attention to paragraph 4(2)(b) of the *Excise Tax Act* which provides for an exemption from tax for certain contracts to the extent that such insurance is not, in our opinion, available in Canada. The exemption is intended to provide relief from tax in cases where a particular class of insurance might not be available in the Canadian market or where the amount of coverage required is not available in Canada. These policies should be reported on the attached information return (B241), even if they may be eligible for an exemption.

If the insured intends to apply for an exemption from the tax, an Application for Exemption from Premium Taxes Imposed under the *Excise Tax Act Part I* (E638) is to be completed. This form is available on our Web site, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca) or by contacting our office. A copy of the insurance policy in addition to five letters of declination should be included with the completed application.

## List of Authorized Insurers

A list of companies under the *Insurance Companies Act* who are authorized to transact the business of insurance, is available upon request.

## Penalty for late filing

Every broker, agent or insurer who refuses or neglects to make a return as required is liable to a penalty of \$10 for each day of default or \$50 whichever is the lesser.

## Mailing and Contact Information

If you require additional information, please contact:

Summerside Tax Centre  
275 Pope Road, Suite 101  
Summerside, PE C1N 6E7

Telephone: (877) 432-5472 (Toll free in Canada and the United States)  
(902) 432-5472