



PRINCE EDWARD ISLAND
ÎLE-DU-PRINCE-ÉDOUARD

PREMIUM TAX ACT

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This document is *not* the official version of the Act. The Act and the amendments as printed under the authority of the Queen's Printer for the province should be consulted to determine the authoritative statement of the law.

For more information concerning the history of this Act, please see the *Table of Public Acts* on the Prince Edward Island Government web site (www.princeedwardisland.ca).

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PREMIUM TAX ACT

CHAPTER P-19

1. Definitions

In this Act

- (a) “**insurance company**” means a person or corporation carrying on business in the province within the meaning of the *Insurance Act* R.S.P.E.I. 1988, Cap. I-4, and includes a reciprocal or inter-insurance exchange and underwriters and syndicates of underwriters operating on the plan known as “**Lloyds**”, but does not include
- (i) a fraternal society as defined in the *Insurance Act*, or
 - (ii) a mutual insurance company as defined in the *Insurance Act*, in respect of any taxation year in which, of the company’s net premium income in the province,
 - (A) not less than 15 per cent is derived from the insurance of farm and fishing property, or
 - (B) 100 per cent is derived from the insurance of churches, schools or other religious, educational or charitable institutions;
- (a.1) “**insurer**” means an insurance company, and includes a mutual insurance company to which subclause (a)(ii) applies;
- (b) repealed by 2016,c.48,s.1(c);
- (c) “**taxation year**” means a financial year of an insurer in which premiums are receivable in respect of business transacted in the province. *R.S.P.E.I. 1974, Cap. P-18,s.1; 1997,c.35,s.1; 1999,c.6,s.1; 2001,c.14,s.1; 2008,c.25,s.1; 2016,c.48,s.1; 2019,c.30,s.1.*

2. Tax on insurance premiums

- (1) Every insurance company shall pay to the Superintendent of Insurance for the use of the province a tax equal to
- (a) three point seven five per cent of the gross premiums on contracts of life insurance, accident insurance and sickness insurance, as defined in the *Insurance Act*; and
 - (b) four per cent of the gross premium on contracts of insurance other than life insurance, accident insurance and sickness insurance,
- receivable by the company during the taxation year in respect of business transacted in the province by the company, other than premiums in respect of reinsurance ceded to the company by other insurers licensed to transact business in the province and considerations for annuities, after deducting from the gross premiums
- (c) the cash value of dividends paid or credited to policyholders; and
 - (d) any premiums returned by the company.

Idem

- (1.1) Every mutual insurance company to which subclause 1(a)(ii) applies shall pay to the Superintendent of Insurance for the use of the province a tax equal to one point two five per cent of the gross premiums on contracts of insurance receivable by the company during the taxation year in respect of business transacted in the province by the company, other than premiums in respect of reinsurance ceded to the company by other insurers licensed to transact business in the province, after deducting from the gross premiums any premiums returned by the company.

Terms defined

- (2) For the purpose of subsections (1) and (1.1), “**business transacted in the province**” means
- (a) in the case of insurance of property, all contracts on which premiums are receivable from, or in respect of, persons whose property was situated in the province at the time their premiums became payable; and
 - (b) in the case of other insurance, all contracts on which premiums are receivable from, or in respect of persons who were resident in the province at the time their premiums became payable. *R.S.P.E.I. 1974, Cap. P-18,s.2; 1980,c.2,s.3; 1990,c.46,s.1 {eff.} Apr. 1/90; 1997,c.35,s.2 {eff.} Jan. 1/98; 2016,c.48,s.2.*

3. Dates of payment of tax

- (1) Every insurer liable to tax under section 2 shall, on or before the last day of each quarter in each taxation year, pay an amount equal to one quarter of the tax it estimates will be payable by it in respect of the taxation year.

Basis of estimate

- (2) The estimate required by subsection (1) shall be made on the basis of the business transacted by the insurer in the province during the preceding taxation year.

Must file return

- (3) Every insurer liable to tax under section 2 shall, within three months of the end of the taxation year, file a return in the form prescribed by the Superintendent of Insurance showing the amount of tax payable by it in respect of the taxation year, and shall remit to the Superintendent of Insurance the amount of tax, if any, payable by it after taking into account payments made pursuant to subsection (1).

Excess payment of tax

- (4) Where the payments made by an insurer pursuant to subsection (1) exceed the amount of tax it is liable to pay under section 2, the Superintendent of Insurance shall refund the excess amount paid within thirty days following receipt of the return required by subsection (3). *R.S.P.E.I. 1974, Cap. P-18,s.3; 1980,c.2,s.3; 1997,c.35,s.3; 2016,c.48,s.3.*

4. Interest on unpaid tax

Where any tax or portion thereof payable under this Act is not paid in full on the date on which payment is due, the insurer shall pay to the Superintendent of Insurance the amount due, together with interest on the sum of the tax or portion thereof unpaid at the rate of six per cent per year from the date on which the tax or portion thereof was due until payment is made. *R.S.P.E.I. 1974, Cap. P-18, s.4; 1980,c.2,s.3; 2016,c.48,s.4.*

