



PLEASE NOTE

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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](#).

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CHAPTER P-19
PREMIUM TAX ACT

1. In this Act

Definitions

(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

insurance company

(i) a fraternal society as defined in the *Insurance Act*, or

(ii) a mutual insurance corporation as defined in the *Insurance Act*, in respect of any taxation year in which the net premium income in the province of such corporation is to the extent of not less than forty percent thereof derived from the insurance of farm and fishing property, or wholly derived from the insurance of churches, schools or other religious, educational or charitable institutions;

(b) “marine insurance” means marine insurance as defined by the *Insurance Act*;

marine insurance

(c) “taxation year” means a financial year of an insurance company 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.

taxation year

2. (1) Every insurance company shall pay to the Superintendent of Insurance for the use of the province, a tax equal to three point five per cent of the gross premiums, other than premiums in respect of re-insurance ceded to the company by other insurance companies licensed to transact business in the province and considerations for annuities, receivable by it during the taxation year in respect of business transacted by it in this province, after deducting from such premiums

Tax on insurance premiums

(a) cash value of dividends paid or credited to policyholders; and

(b) premiums returned by the insurance company.

(2) For the purpose of subsection (1), “business transacted in the province” means

Terms defined

(a) in the case of property insurance, 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.

- Dates of payment of tax **3.** (1) Every insurance company 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 insurance company in the province during the preceding taxation year.
- Must file return (3) Every insurance company 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 insurance company 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.
- Interest on unpaid tax **4.** Where any tax or portion thereof payable under this Act is not paid in full on the date on which payment is due, the insurance company 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.