


TD 94/D49 - Income tax: is a trauma insurance policy issued by a life company an accident or disability policy for the purposes of Division 8 of the Income Tax Assessment Act 1936 (the Act)?

 This cover sheet is provided for information only. It does not form part of *TD 94/D49 - Income tax: is a trauma insurance policy issued by a life company an accident or disability policy for the purposes of Division 8 of the Income Tax Assessment Act 1936 (the Act)?*

This document has been finalised by TD 95/39.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: is a trauma insurance policy issued by a life company an accident or disability policy for the purposes of Division 8 of the *Income Tax Assessment Act 1936* (the Act)?

1. Yes, a trauma insurance policy is an accident or disability policy for the purposes of Division 8 of the Act. It is not a life assurance policy.
2. A trauma insurance policy pays an amount to the insured if the insured suffers a condition specified in the particular policy such as a heart attack, cancer, stroke, etc.
3. Those conditions may constitute disabilities, and therefore the premiums are properly characterised as accident or disability premiums which are to be included in the assessable income of the AD/RLA class for the purposes of Division 8 of the Act (paragraph 116 CE(3)(c)).

Commissioner of Taxation

19/5/94

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 94/D50, TD 94/D51, TD 94/D52, TD 94/D53

Related Rulings:

Subject Ref: life assurance company, trauma insurance policy, accident & disability insurance policy.

Legislative Ref: ITAA 116 CE(3)(c); ITAA Division 8

Case Ref:

ATO Ref: Insurance Industry Cell

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