

TD 92/166 - Income tax: insurance: does a life insurance policy exist for taxation purposes where the policy holder is entitled to direct the investment activities of the assets underlying the investment?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *18 August 1999*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: insurance: does a life insurance policy exist for taxation purposes where the policy holder is entitled to direct the investment activities of the assets underlying the investment?

1. No. In situations where an investor has control over the investment of the assets underlying the investment in the purported life insurance policy the contractual arrangements are considered to be vastly different to the rights obtained through an investment in a life insurance contract.
2. This Taxation Determination is concerned with arrangements which involve an investment being held with a life insurance company and the investor having rights to the direction over the investment of the funds paid over in the guise of life insurance premiums. The investment and the income it generates are credited to an account held in the investor's name. Liability under the policy is limited to the balance of the account. The decision is not intended to apply where the investor merely has the right to direct the investment be placed in a particular class of investment operated by the life insurer for investors generally.
3. Income credited to the account constitutes assessable income of the investor derived at the time of crediting.

Commissioner of Taxation
01/10/92