


TD 94/D50 - Income tax: is the premium payable on a trauma insurance policy, sold with a life assurance policy rider, assessable income of a life company?

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This document has been finalised by TD 95/40.

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 the premium payable on a trauma insurance policy, sold with a life assurance policy rider, assessable income of a life company?

1. Yes. The premium payable on the trauma insurance policy sold by a life assurance company constitutes assessable income of the life company. As a trauma insurance policy is an accident and disability policy the decision in *National Mutual Life Association of Australia v. FC of T* (1959) 102 CLR 29 applies to treat the premiums as assessable income of the company.
2. The premium payable by the insured for the trauma insurance cover can, in all circumstances, be separately calculated from the premium payable for the life assurance cover.
3. If it were the case that the premium for the trauma insurance and the premium for the life assurance could not be separately calculated, then the whole of the premium is assessable income of the life company: refer *National Mutual* case supra.

Commissioner of Taxation

19/5/94

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 94/D49, 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 25(1)

Case Ref: *National Mutual Life Association of Australia v. FC of T* (1959) 102 CLR 29

ATO Ref: Insurance Industry Cell.

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