



Insurance Council
of Australia

Agenda paper 2
AASB 17 TRG meeting December 2021

Tax issues related to AASB17 implementation

Issue identification and resolution progress



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Activity to date

1. Special Purpose ICA WG – Heads of Tax and Big 4 representation
2. Issue identification – separate presentations to Treasury and ATO (conceptual)
3. Issue resolution – possible workshops (increasingly granular)
4. Key constraints – data (What? When? How?), time, differing levels of preparedness.

Principles to guide tax issue resolution



Clear early regulatory guidance – commencement as early as 13 months



Maximum alignment – tax should follow accounting treatment



No permanent differences – to maximise alignment



Simplicity of application – to minimise administrative burden (one set of books)

Identified Issues

1. Transitional Adjustments

2. Application of the General Model (GM) –
Contractual Service Margin (CSM)

3. Losses on Onerous Contracts

4. Deferred Acquisition Costs (DAC) under the
Premium Allocation Approach (PAA)

5. Liability For Incurred Claims (LFIC)

Next steps

Regular regulator engagement – early obstacle identification and resolution

Workshops – to maximise early identification of feasible outcomes

Awareness raising – across the broader general insurer population

Other stakeholder engagement eg FSC re life insurers.



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