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Temporary vehicle insurance cover from agent VAT-free

The finance ministry has decreed that the services of insurance agents offering temporary motor vehicle insurance cover on behalf of insurance company are free of VAT.

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Motor vehicle insurance agents generally offer temporary third-party cover as a service to enable the vehicle to be registered in the name of the new owner before he or she takes delivery. This cover is traditionally evidenced by an insurance card issued on behalf of the insurer. However, blank cards are often issued in bulk, with the consequence that the agent is not in immediate and direct contact with the insurer in respect of each and every card issued. The finance ministry has amended its VAT Implementation Decree to emphasise that an agent may also act indirectly (through another company – the card supplier) without loss of VAT-free status. This also applies to the more modern, online system of documenting temporary cover during the vehicle registration process. VAT exemption depends on the agency service as such, that is, establishment of the contact between the insured person and the insurer followed by the conclusion of the contract. It contrasts with the taxable service of the agent for the insurance company, but without a contractual relationship to the insured person (e.g. damage adjustment).

Schlagwörter

motor vehicle insurance, third-party cover