

Levy on Health Insurers

Part 9

This document should be read in conjunction with sections 125A and 126B Stamp Duties Consolidation Act 1999

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A more recent version of this manual is available.

1 Introduction

Section 125A of the Stamp Duties Consolidation Act 1999 provides for an annual levy on health insurers in respect of health insurance contracts in the context of risk equalisation in the health insurance industry. Risk equalisation is a process that aims to equitably neutralise differences in insurers' costs that arise due to variations in the age profile of the insured. It involves transfer payments between health insurers to spread some of the claims cost of the high-risk older and less healthy members amongst all the private health insurers in the market in proportion to their market share.

Health insurance legislation¹ (outside the scope of this manual) provides that each insured individual, regardless of age, pays the same net health insurance premium for the same product (community rating). Insurers receive risk equalisation credits for insuring members of less healthy groups from the Risk Equalisation Fund. The levy collected by Revenue is paid into this fund. Revenue's Large Corporates Division is responsible for administration and compliance in relation to this levy.

The [Appendix](#) to this document contains illustrative examples to assist insurers in calculating and paying the levy.

2 Amount of the levy

The amounts payable are amended annually by amendment of the Health Insurance Act 1994. The table below sets out the amounts payable across a range of insured individuals.

Period	Insured person < 18 years with non-advanced cover ²	Insured person < 18 years with advanced cover	Insured person ≥ 18 years with non-advanced cover	Insured person ≥ 18 years with advanced cover
1 March 2014 to 28 February 2015	€100	€135	€290	€399
1 March 2015 to 29 February 2016	€80	€135	€240	€399
1 March 2016 to 31 March 2017	€67	€134	€202	€403
1 April 2017 to 31 March 2018	€74	€148	€222	€444

¹ Health Insurance (Miscellaneous Provisions) Act 2009 and Health Insurance (Amendment Act) 2012.

² Meanings of 'advanced cover' and 'non-advanced' cover contained in Health Insurance Act 1994 (section 6A).

Period	Insured person < 18 years with non-advanced cover ²	Insured person < 18 years with advanced cover	Insured person ≥ 18 years with non-advanced cover	Insured person ≥ 18 years with advanced cover
1 April 2018 to 31 March 2020	€59	€148	€177	€444
1 April 2020 to 31 March 2022	€52	€150	€157	€449
On or after 1 April 2022 to 31 March 2023	€41	€135	€122	€406
On or after 1 April 2023	€36	€146	€109	€438

3 One levy payable in any 12-month period for each insured person

One levy is payable in relation to any 12-month period for each insured person, regardless of the number of health insurance contracts that person has entered into in the 12-month period. Thus, in making a return to Revenue, insurers may exclude from that return any person for whom a levy has already been paid in the 12-month period in question.

A 12-month period is not necessarily a calendar year. A particular 12-month period commences when an insured person enters into or renews an insurance contract. So, for example, where a contract commences or is renewed on 1 January the 12-month period is the calendar year. However, where a contract commences or is renewed on (say) 1 July, the 12-month period is 1 July to the following 30 June.

4 Returns and payments

The accounting periods for insurance contracts are each period of 3 months commencing on 1 January, 1 April, 1 July and 1 October in any year. The return filing date and payment date for the levy in respect of these accounting periods is the 21st day of the second month following the end of the accounting period, i.e. 21 May, 21 August, 21 November and 21 February, respectively.

Section 71 of Finance Act 2022 amended section 125A to require that returns due for the accounting period commencing on 1 January 2023 (required by 21 May 2023) and subsequent periods are to be made electronically. The levy is filed and paid through Revenue Online Service (ROS).

Prior to this, returns were made to Revenue in writing.

5 Non-compliance

Where an insurer submits a late return or an incorrect return, they will be liable for:

- a surcharge calculated in accordance with section 126C SDCA 1999,
- interest calculated in accordance with section 159D SDCA 1999,
- fixed and/or tax-geared penalties, calculated in accordance with section 134A SDCA 1999.

Section 126B SDCA 1999 allows Revenue to make assessments on insurers that have failed to file a return or have failed to file a full and true return. Assessments can be appealed to the Tax Appeals Commission if a return has been filed and the amount in the assessment has been paid.

A more recent version of this manual is available.

Appendix

This Appendix contains illustrative examples to assist insurers in calculating and paying the levy.

Example Number	Situation	Revenue Treatment
1.	<p>An insured person renews or enters into an annual contract, then cancels it and enters into another contract with the same insurer in the same 12-month period- Is the levy payable for the second contract?</p> <p>For example, an insured person renews or takes out a policy for a period of 12 months on 1 January 2013. During the course of the contract he or she cancels the contract and then enters into another replacement contract. (e.g. 1 July 2013)</p>	<p>The second contract entered into by the individual during the same 12-month period is considered a renegotiation of the terms of the first contract.</p> <p>Similarly, where a contract is entered into by an individual and a midterm adjustment occurs to that contract then the adjustment is also considered a renegotiation of the terms of the first contract.</p> <p>The levy is payable in the accounting period that the individual enters into the first contract. A second levy is not payable for the same individual for subsequent contracts entered into in the same 12- month period.</p>
2.	<p>Are there a maximum number of contracts a member can enter during a 12-month period for the levy? For example, person joins the first insurer on 1 January 2013, leaves and joins a second insurer on 1 March 2013, leaves the second insurer and re-joins the first insurer on 30 March 2013 on a new policy?</p> <p>How many times is the levy payable?</p>	<p>One levy is paid per person in a 12-month period.</p> <p>It is up to any subsequent insurer to ensure that satisfactory evidence is obtained from the insured person to show that the levy was paid by the first insurer in respect of the 12-month period in question.</p>
3.	<p>What date is used to determine the age of the individual, to assess whether an adult or child levy rate is payable?</p>	<p>The age is determined on the 1st day of the accounting period.</p>
4.	<p>If the contract is endorsed midterm to change from advanced cover to non-advanced cover or from non-advanced cover to advanced cover, is a portion of levy repayable to the insurer or is an additional levy payable?</p> <p>Example 1: If a member enters into a contract for an advanced cover on 1 January and then switches to a non-advanced cover on 1 May, can a portion of the levy be reclaimed?</p>	<p>No, in both examples.</p> <p>The status of the contract as “advanced cover” or “non-advanced” cover on the first day of the accounting period determines the rate of levy payable.</p>

	Example 2: If a member enters into a contract for nonadvanced cover on 1 January and then switches to advanced cover on 1 May, does an additional levy need to be paid?	
5.	Where a member dies during the term of the contract is the levy payable for that member?	Yes
6.	Does the adult levy apply to those 18 years and over, in full time education who are charged a lower student premium?	Yes
7.	Is the levy payable if a premium is due but has not been paid by the insured person? E.g. if the contract is rendered void.	The levy need not be paid in circumstances where a contract of insurance is rendered void where no premium has been paid, where no TRS or risk equalisation credit is paid to the insurer from the Risk Equalisation Fund and where no benefit has been received by the insured person under the contract.
8.	Is the levy payable in respect of new-borns added to a policy who are free until the next renewal?	Where no premium is charged by the insurer for a new-born added to a policy of insurance during the year of birth, the levy is not payable in respect of that child for the period of that contract. A levy is payable in respect of the new-born when the policy is renewed.
9.	Is the levy payable if there are no premiums due to the insurer because the insured person is an employee of the health insurer?	Yes
10.	For risk equalisation credits that are claimed from the Risk Equalisation Fund, if a member lapses during the year, then a refund of credit must be made to Risk Equalisation Fund. In the case of the levy will the health insurer receive a refund of the levy?	No The legislation imposes a levy on an insurer at a point in time in respect of policies of insurance renewed or entered into during an accounting period. The legislation in relation to the levy makes no provision for a refund in the circumstances outlined.
11.	In the exceptional circumstances where	On the basis this happens in

	<p>a member backdates their joining date to a previous accounting period, when is the levy payable?</p> <p>A member joins their Employer's Group Scheme, but the Employer fails to notify the insurer. The insurer facilitates backdating of the health insurance policy so that the member does not have a break in cover. For example, the member joined the employer on 5 July 2013, but employer did not notify the insurer until 5 November 2013 in error. The insurer agrees to backdate the policy to 5 July 2013</p>	<p>exceptional circumstances the member is included as an adjustment to the next quarterly return due.</p> <p>In this example, the adjustment required in respect of the Accounting Period 1 July 2013 to 30 September 2013 will be included in the Return for the period 01 October 2013 to 31 December 2013, which must be submitted on or before 21 February 2014</p> <p>A "Prior Accounting Period" adjustment facility is being added to the Return to enable such adjustments to be made. To enable reconciliation of such adjustments to prior accounting periods, the same information as required in the original return must be provided in relation to the adjustments being made.</p>
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