



8 April 2025

## VAT Rate Increase

Dear Valued Client,

As you may have seen or heard in various media announcements, releases and platforms, the value-added tax (VAT) rate will increase with effect from 1 May 2025 from 15.0% to 15.5%. A further increase is earmarked effective 1 April 2026 from 15.5% to 16.0%. This requires that Insurers implement these changes, starting with the first increase effective **1 May 2025**.

### Impact on premiums

Insurance premiums are subject to VAT. Therefore, from 1 May 2025, all non-life insurance policy premiums will increase to account for the new VAT rate of 15.5%.

### Impact on sums insured

The sums insured i.e: the value of your insured assets; including VAT will remain unaltered. However, we urge you to discuss the adequacy of your current sums insured with us; especially at renewal of your policy or when a change is made to your existing cover.

### Impact on claims settlement

Insurers will settle valid claims inclusive of VAT at the revised rate of 15.5% with effect from 1 May 2025.

### Impact on First Amounts Payable/Excesses

Certain excesses are VAT-inclusive, and these will be adjusted accordingly to align with the new VAT rate of 15.5% with effect from 1 May 2025.

As your committed Broker, please feel free to reach out to us should you require any more information.

Trusting the above to be in order.

Kind regards,

Your Scottfin Team