

Increased Fire & Emergency Tax on Insurance Policies from 1 July 2024

In New Zealand the firefighting services are funded by a tax, the Fire & Emergency Levy. This tax is added to the insurance premiums for personal and commercial property, motor vehicles, contract works and other insurance policies.

The Government undertook a review of the levy in early 2023 following an analysis by Fire & Emergency New Zealand (FENZ) that showed a shortfall in their funding largely attributable to the increased costs for the Collective Employment Agreement with the New Zealand Professional Firefighters Union in December 2022.

FENZ considered that increasing the levy was “the only feasible option to meet the costs of settlement and continue operating” over the next two years.

Despite strong submissions from the insurance sector, opposing the proposed increase, the government agreed to increase the levy by 12.8% from 1 July 2024.

As an insurance buyer, how will these changes affect you?

Despite strong submissions from the insurance sector, opposing the proposed increase, the government agreed to increase the levy by 12.8% from 1 July 2024.

Generally, that means householders, with home and contents insurance, will pay an annual Fire & Emergency Levy of \$143.40, an extra tax of \$16.20 plus GST per year. The levy for car owners will increase to \$9.53 per vehicle, an extra \$1.08 plus GST per year.

Business owners will also be affected by these changes and an average small to medium business with \$1,000,000 worth of assets is likely to pay an extra tax of \$135.00 plus GST per year.

More information about these levy changes is available [here](#).

Are there any other changes in the future?

The recent changes and future changes have been enacted under the Fire and Emergency New Zealand Amendment Act 2017 and transitional regulations. The Act states that the way the tax on insurance policies is calculated will change by July 2026 and the tax will apply to more insurance policies and property types. The financial impact of these future changes has been the subject of consultation during May 2024. The insurance sector awaits the outcome of this consultation with [deep concerns for insurance buyers](#).

How are we helping you?

We are concerned that these changes will incur extra costs for our clients in the form of a higher tax on their insurance policies and therefore we will be monitoring the government’s announcements and keeping you informed.

If you have any questions about these changes please contact your broker.