



Inland Revenue Department

The Government of the Hong Kong Special Administrative Region
of the People's Republic of China

DEPARTMENTAL INTERPRETATION AND PRACTICE NOTES

NO. 33 (REVISED)

INSURANCE AGENTS

These notes are issued for the information of taxpayers and their tax representatives. They contain the Department's interpretation and practices in relation to the law as it stood at the date of publication. Taxpayers are reminded that their right of objection against the assessment and their right of appeal to the Commissioner, the Board of Review or the Court are not affected by the application of these notes.

These notes replace those issued in June 1998.

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Commissioner of Inland Revenue

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INTRODUCTION

Background

This Departmental Interpretation and Practice Notes No. 33 (DIPN 33) was first issued in June 1998, and serves to assist insurance agents in understanding and meeting their tax obligations. For the purposes of DIPN 33, the term “insurance agent” means an individual who holds himself out to advise on or arrange contracts of insurance as an agent or sub-agent of one or more insurers (i.e. persons carrying on insurance business).

2. In the 1998 version of DIPN 33, it was mentioned that during 1996 the Department noticed that the record keeping standards of a large number of self-employed insurance agents were unsatisfactory and was faced with the likelihood of considerable administrative difficulties in ascertaining the correct assessable profits of the individuals concerned. Following consultations with a number of associations representing insurance agents, the Department agreed, as an exceptional matter and for the sake of expediency and consistency, that where no books or records were available, an amount equivalent to 1/3 of commission income would be allowed as deductible outgoings and expenses. That practice was, however, only applicable in respect of assessments for the year of assessment 1995/96 and prior years. Since 1998, the Board of Review and the Court have delivered several decisions involving insurance agents or having impact on the tax liability of insurance agents. Thus, there is a need to revise the 1998 version to bring it up-to-date.

3. This revision will also highlight the requirements of certain provisions in the Inland Revenue Ordinance (Cap. 112) (the Ordinance) and the Business Registration Ordinance (Cap. 310) which are applicable to insurance agents.

Profits tax or salaries tax

4. Insurance agents who are self-employed are assessed under the profits tax provisions of the Ordinance, whereas those who are employees are assessed under the salaries tax provisions. Whether an insurance agent is an employee or self-employed is a question of fact. Generally, the situation will be obvious. If an individual is employed to solicit and negotiate insurance

contracts on behalf of his employer, then the remuneration therefrom should clearly be charged to salaries tax. On the other hand, if the individual has taken out business registration and carries on an insurance agency business on his own account, he should be assessed to profits tax in respect of the profits so derived.

5. In case of doubt, assistance in ascertaining the correct position can be obtained by applying objective tests (e.g. the control test, the integration test, the economic reality test and mutuality of obligation test) to the relationship between the insurance agent and the insurer. If the relationship is ambiguous, the contract may become the best material from which to gather the true legal relationship: see *Massey v. Crown Life Insurance Co.* [1973] 1 All ER 576.

TAX TREATMENT UNDER PROFITS TAX

Income chargeable under section 14

6. In general, a self-employed insurance agent would derive from his carrying on of a business in Hong Kong income such as commission, agency fees, bonus, allowances, etc. It is generally accepted that those receipts are taxable under section 14 of the Ordinance, but it is not unusual that some insurance agents would object to the taxation of certain categories of receipts. Set out below are the details of how the Department views the taxation of such receipts.

Upfront payments

7. A self-employed insurance agent may receive from an insurer upfront payments such as “initial signing fees”, “goodwill payments”, “sign-on bonus”, etc. The insurer usually pays the upfront payments to the insurance agent after the latter registers and commences service as the insurer’s agent. The agency service agreement entered into by the insurance agent with the insurer normally contains, among others, the following terms:

- (a) the upfront payments have to be set off against commission income which will be earned by the insurance agent over a period of time commencing from or around the agreement date; and

- (b) where the insurance agent fails to remain in service for a minimum service period or “lock-up” period, he will have to repay all or part of the upfront payments to the insurer.

8. The upfront payments are reported to the Department in the year when the payments are paid to the agent. However, the agent may adopt one of the following approaches in drawing up his profit and loss account:

- (a) exclude the whole of the upfront payment from his income on the ground that the payment is a loan;
- (b) divide the upfront payment by the number of months in the minimum service period and recognize an appropriate fraction as income in the respective years; or
- (c) include the whole upfront payment as income in the year when the minimum service period expires (i.e. when the right to ask for repayment is waived by the insurance company).

9. The Department would not accept the approaches in paragraph 8 to ascertain the assessable profits of an insurance agent. The upfront payment is paid because the agent agrees to the appointment and to remain as the company’s agent. Once the upfront payment is received, the insurance agent holds the sum beneficially and is entitled to use it for whatever purposes he likes, including for his trade and business. In any event, the upfront payment is clearly a trading receipt chargeable to profits tax. In *Lo Tim-fat v. CIR* 6 HKTC 725, the taxpayer argued that only 20 per cent instead of the entire amount of his initial signing fee, balance of initial signing fee and monthly bonus should be subject to profits tax in the year concerned as he had to refund part of the lump sum to the insurance company if the engagement was terminated within 5 years. In dismissing the taxpayer’s appeal, the court followed the *ratio* in *Smart v. Lincolnshire Sugar Co. Ltd.* [1937] 20 TC 643 and made the following comments at 741:

“In *Smart v. Lincolnshire Sugar Co. Ltd.*... the House of Lords decided that notwithstanding that the amounts were described as advances in truth the payments were not in the nature of loans at all. The payments were made to the taxpayer in order that the money

might be used in its business. They were supplementary trading receipts bestowed upon the taxpayer by the Government and proper to be taken into computation in arriving at the balance of the taxpayer's profits and gains for the year in which they were received. Even though the amounts were repayable upon certain contingencies, they should not be treated as trading receipts only when it could be certain that the repayment was not required.

In the present case, once the amount of the Balance of Signing Fee was received, the Appellant held the sum beneficially and was entitled to use it for whatever purpose he liked including for his trade and business. Although there was a possibility that he might have to repay part of the amount received to AIA in the future, on the authority of *Smart v. Lincolnshire Sugar Co. Ltd.*, I am of the view that the amount should properly be considered to be part of his trading receipt for the year when the sum was received and accrued to him.”

10. Hence, it is not open for an insurance agent to argue that the upfront payments are not trading receipts or even if they are trading receipts, they should be assessed pro rata over the minimum service period. The Department will examine the terms of the contracts entered into between the insurance company and the agent to ascertain the year in which the upfront payment accrued to the taxpayer as income. The upfront payments will be taxable in the year when the amounts accrue to the insurance agent.

Lump sum for cancellation of contractual rights

11. In the course of his business, an insurance agent may for some reasons relinquish and forfeit all or part of certain contractual rights in consideration of a lump sum payment from the insurance company. The question of whether the lump sum receipt is of capital or revenue nature is a question of mixed fact and law and all surrounding circumstances, including the nature of the contractual rights which were cancelled or terminated and the effect that cancellation or termination had on the capital structure of the insurance agent's business, have to be considered. In this regard, the Board of Review in *Case No. D12/90 5 IRBRD 118*, said at 121 and 122:

“It is clear from the decided cases that where a person is carrying on a trading or agency type business, sums of money which the person receives for changing or giving up agencies or agency rights are to be construed as being payments received in the course of carrying on the business unless it is clear from the facts that the payment is of a capital nature.... The question to be answered is whether or not the rights or benefits which the Taxpayer was entitled to under her agreement with the insurance company comprised a capital asset of her business.

In the present case, ... it is clear that the business of the Taxpayer continued after the receipt of this lump sum payment much as it had done before. We cannot see any justification for finding on the facts that the rights given up by the Taxpayer were capital assets of her business. She was doing no more than accepting a lump sum payment in exchange for giving up the right to receive override commissions in respect of two out of seven “units”. The Taxpayer had not invested any capital in acquiring these “units” and indeed so far as we are aware, she had no formal contractual relationships with the “units”. Her contractual relationship was with the insurance company. In all of the circumstances, we find on the facts that the payment received was a trading receipt received in the course of the business of the Taxpayer and accordingly is subject to profits tax.”

12. The Department will look at all relevant facts of each case in determining whether the receipt is capital or revenue in nature. In general, amounts received in connection with the cancellation or variation of agency contracts made in the course of the carrying on of the business of an insurance agent are of a revenue nature and chargeable to profits tax. Where the contract or right which has been cancelled relates to the whole structure of the insurance agency business, the Department would consider whether the amount received for the cancellation of right is of a capital nature and thus excluded from the computation of assessable profits.

Commission from own or family member insurance policies

13. On occasion, an insurance agent may earn commission in respect of the insurance policies taken out by himself or his family members. The

Department holds the view that just like transactions with other ordinary customers, the insurance agent acts in the name and on behalf of the insurer in introducing, proposing and carrying out work preparatory to the conclusion of, or in concluding, those contracts of insurance, or in assisting in the administration and performance of such contracts.

14. The insurance agent derives commission income in respect of the policies taken out by him or his family members with the insurers in return for his services rendered in the ordinary course of carrying on of the insurance agency business. The commission income concerned has no difference from that earned from other ordinary customers. In the circumstances, the commission so earned is clearly a trading receipt chargeable to profits tax.

Allowable deductions

15. Expenditure incurred by a self-employed insurance agent generally qualifies for deduction if it satisfies the requirements of section 16(1) of the Ordinance and is not precluded under the provisions of section 17. Broadly put, in arriving at the assessable profits, deductions are allowed in respect of:

- (a) all outgoings and expenses to the extent to which they are incurred by the agent during the basis period for the year of assessment in the production of profits in respect of which he or she is chargeable to tax;

but excluding:

- (b) domestic or private expenses, including the cost of travelling between residence and place of business;
- (c) any expenditure of a capital nature or any loss or withdrawal of capital;
- (d) rent of, or expenses in connection with, any premises or part of premises not occupied or used for the purpose of producing chargeable profits; and

- (e) any remuneration or interest on capital or loans payable to the agent or the agent's spouse in the case of a sole proprietorship business, or to a partner or a partner's spouse in the case of a partnership business.

16. Although the circumstances and *modus operandi* of an individual agent can obviously have a bearing on the expenditure which will qualify, deductions are commonly allowed in respect of the following:

- (a) commission paid to sub-agents and runners;
- (b) salaries to employees;
- (c) employee benefits;
- (d) incentives to sub-agents;
- (e) gifts and souvenirs; and
- (f) entertainment expenses.

17. As mentioned in paragraph 7 above, an insurance agent may have to repay the upfront payments to the insurance company if his service with the insurance company is prematurely terminated. Such repayments made in pursuant to the terms of the contract can be accepted as deductible under section 16(1) of the Ordinance in the year in which the contingencies giving rise to the repayment are crystallized. If a provision is made in the profit and loss account during the basis period in which the contingent liability is crystallized but the actual repayment was made after the accounting year-end date, a deduction can be allowed in the year of provision. In order to qualify for deduction, the insurance agent must prove the date on which his liability to repay was crystallized, which might not be the same year as the year when the upfront payments were assessed to tax. He will also be required to provide documentary evidence, such as confirmation from the insurance company, to substantiate his claim.

18. It should be apparent from paragraphs 23 to 26 below that generally the insurance agent must be able, if requested, to produce documentary

evidence to substantiate any deduction claimed. It should be noted that the onus of proving that an expense is deductible is not necessarily discharged by producing the relevant ledger account. In *So Kai Tong, Stanley trading as Stanley So & Co. v. CIR* 6 HKTC 38, Chu J said at 86:

“The ledger is only a secondary document. It would be incumbent upon the appellant to adduce the primary documents to support his case.”

19. Furthermore, it should be noted that the onus of proving that an expense is deductible is not necessarily discharged by producing the relevant receipt. The taxpayer must also be able to establish to the satisfaction of the Assessor that the expense was incurred in the production of assessable profits. In Board of Review Decisions *Case No. D1/06 21 IRBRD 102*, the Board rejected the insurance agent's claim that the alleged written agreements with sub-agents and staff and receipts of expenses were contemporaneous. On the facts of that case, the Board held that the insurance agent did not incur any of the sums she claimed to have been incurred, and even if any such expenses had been incurred, they were of a domestic or private nature and not incurred in the production of assessable profits.

20. Examples of questions which may be asked by the Department for the purpose of establishing whether a deduction claimed is allowable are set out in Appendix A.

Apportionment of expenses

21. Where an outgoing or expense is not wholly incurred in the production of assessable profits, for example, the expense is partly of a private nature, the full amount of the expenditure cannot be claimed as a deduction. In *So Kai Tong*, Chu J said at 81:

“(Once) the Commissioner, on the material before her, comes to the view that only part of the outgoing or expense under examination is incurred for the production of chargeable profits, she is under a duty to ascertain the extent to which such outgoing and expense is so incurred. In performing the task, regards will have to be made to Rule 2A of the Inland Revenue Rules.”

22. Rule 2A of the Inland Revenue Rules provides that for the purpose of ascertaining the extent to which the outgoing or expense is deductible under section 16 of the Ordinance, it should be apportioned on such a basis as is most appropriate to the activities of the business. Accordingly, where such an expense has been incurred, the basis of apportionment of the expense to be claimed as a deduction should be clearly detailed in the taxpayer's return. Further guidance as to the apportionment of expenses is contained in *Departmental Interpretation and Practice Notes No. 3 (Revised) - Profits tax - Apportionment of expenses*.

BUSINESS RECORDS TO BE KEPT

Section 51C

23. Section 51C of the Ordinance requires every person carrying on business in Hong Kong to keep sufficient records in the English or Chinese language of his income and expenditure to enable the assessable profits of the business to be readily ascertained. Business records must be retained for at least 7 years. Failure to keep the prescribed records may result in a fine of up to \$100,000.

24. For the purposes of section 51C, the term "records" is defined to include:

- (a) books of account (whether kept in a legible form, or in a non-legible form by means of a computer or otherwise) recording receipts and payments, or income and expenditure; and
- (b) vouchers, bank statements, invoices, receipts and such other documents as are necessary to verify the entries in the books of account.

25. Section 51C also provides, so far as is relevant, that the records required to be kept in respect of a business carried on during any year of assessment by any person include:

- (a) a record of the assets and liabilities of the person in relation to the business;
- (b) a record of all entries from day to day of all sums of money received and expended by the person in relation to the business and the matters in respect of which the receipt and expenditure take place; and
- (c) as the business of an insurance agent involves the provision of services, records of the services provided in sufficient detail to enable the Commissioner of Inland Revenue to readily verify the entries referred to in (b) above.

26. Further information concerning record keeping requirements is provided in the pamphlet “A Guide to Keeping Business Records” which can be downloaded from the Department’s web site: www.ird.gov.hk.

TAX TREATMENT UNDER SALARIES TAX

Income chargeable under section 8

27. Where an insurance agent is an employee chargeable to salaries tax, his income arising in or derived from Hong Kong from an employment of profit is assessable under section 8(1) of the Ordinance.

Upfront payments

28. In accordance with the terms of employment contract, an insurance agent may receive from the insurance company upfront payments upon commencement of employment. Where the insurance agent terminates the employment within the minimum service period, all or part of the upfront payments may have to be repaid to the insurance company.

29. The Board of Review has in several cases held that upfront payments are income from employment under section 9(1) of the Ordinance, see for example, Board of Review Decisions *Case No. D3/94 9 IRBRD 69*, *Case No. D24/05 20 IRBRD 382* and *Case No. D26/07 22 IRBRD 601*.

30. In Board of Review Decisions *Case No. D60/97 12 IRBRD 367*, the Board summarized the applicable law succinctly at 374 as follows:

“On the basis of various authorities brought to our attention, including *Hochstrasser v. Mayes* (1959) 38 TC 673 per Viscount Simonds at 705, to be liable to salaries tax the sum must arise from the employment, be referable to the services the Taxpayer rendered by virtue of his office and must be something in the nature of a reward for services past, present and future.”

31. The English authorities are also relevant. In *Shilton v. Wilmshurst [1991] STC 88*, Lord Templeman had this to say at 91:

“Section 181 (of the Income and Corporation Taxes Act 1970) is not limited to emoluments provided in the course of employment; the section must therefore apply first to an emolument which is paid as a reward for past services and as an inducement to continue to perform services and, second, to an emolument which is paid as an inducement to enter into a contract of employment and to perform services in the future. The result is that an emolument “from employment” means an emolument ‘from being or becoming an employee’.”

32. In *Case No. D26/07*, the appellant received a sign-on bonus and settling-in allowance at the commencement of his employment for agreeing to work with the employer for a minimum period of 12 months. Upon his resignation, he refunded to the employer a pro-rata portion of the sign-on bonus and settling-in allowance as he did not complete the minimum employment period. Insofar as the deduction of repayment of upfront payments under section 12(1)(a) of the Ordinance is concerned, the Board of Review said at 605:

“In our view, the sum refunded was not paid wholly, exclusively and necessarily incurred in the production of assessable income, and is in any event of a capital rather than recurrent nature.”

However, the Board was of the view that on the proper construction of the contract of employment, the appellant was only entitled to receive the full

sign-on bonus and settling-in allowance contingent on his having served the full 12 months from the date of employment. The appellant was not entitled to the full sign-on bonus or the full settling-in allowance.

33. The Department will follow the Board's decision in *Case No. D26/07*. Where the contract is terminated before the expiry of the minimum service period and the insurance agent has to repay part of the upfront payments in accordance with the terms of employment contract with the insurer, upon application by the insurance agent concerned, the Department would consider revising the salaries tax assessment, which has previously included the upfront payments, to reflect the sum repaid. In the circumstances, the Department would accept that the amount of income previously chargeable is subject to a contingency bearing upon the actual amount of income which should be brought to tax. In supporting such an application, the insurance agent has to provide sufficient documentary evidence to substantiate his claim of refund.

Deduction under salaries tax

34. In order to be deducted from assessable income under section 12(1)(a) of the Ordinance, expenses incurred by an employed insurance agent must have been incurred "in the production of the assessable income", and equally must have been "wholly and exclusively" as well as "necessarily" incurred. Although an expense might have been incurred "for" the production of assessable income, it might not be incurred "in" the production of that income if it is not directly referable to the performance of duties in doing the work required under his employment. The expenses might be personal to the insurance agent arising from the terms of his contract of employment with the insurance company. In *Roskams v. Bennett* 32 TC 129, the judge rejected an insurance agent's contention that 20 per cent of the expenditure on rent, rates, electricity, gas and water should be allowed for deduction. Further guidance as to the deductibility of expenses under salaries tax is contained in *Departmental Interpretation and Practice Notes No. 9 (Revised) - Major deductible items under salaries tax*.

PENAL PROVISIONS

Sections 80, 82 and 82A

35. The Ordinance provides in sections 80 and 82 for penalties to be imposed where taxpayers fail to comply with certain obligations under the legislation without reasonable excuse or wilfully with intent to evade tax. Depending on the nature of an offence, penalty by way of imprisonment or fine (or both) can be imposed: see *The Queen v. Ng Wing-keung, Paul and Choi Sin-biu* 4 HKTC 264. The Ordinance also provides in section 82A that in some circumstances, as an alternative to prosecution action, the Commissioner or a Deputy Commissioner may impose additional tax. In such cases the maximum additional tax is three times the amount of tax undercharged or that which would have been undercharged if the matter had not been detected.

BUSINESS REGISTRATION

Registration of business

36. Under the provisions of the Business Registration Ordinance, every person carrying on any business must register his business with the Business Registration Office within one month of the commencement of the business. Failure to do so may result in a fine of up to \$5,000 and imprisonment for one year. Further information concerning business registration is available at the Department's web site.

Exemption from payment of business registration fee and levy

37. A person, other than a company incorporated or registered under the Companies Ordinance, can apply for exemption from payment of the business registration fee and levy (i.e. contribution to the Protection of Wages on Insolvency Fund) if the average monthly sales or receipts of his business do not exceed the following limits:

- (a) For businesses mainly deriving profits from the sale of services - \$10,000; and

(b) For other businesses - \$30,000.

38. Application for exemption should be made in Form 3 (which can be obtained from the Business Registration Office at 4/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong or downloaded from the Department's web site) and forwarded to the Commissioner not later than one month before the date of expiry of the current business registration certificate. An application for exemption, if applicable, must be made each year.

Appendix A

Insurance Agents

Examples of queries concerning expenses claimed as deductions

Advertising and/or Promotional Expenses

Provide the following information in respect of each expense claimed –

- (a) the amount;
- (b) full details of how the expense was incurred;
- (c) the name and address of the party to whom the payment was made; and
- (d) a copy of any receipt received.

Conference and/or Seminar Expenses

Provide the following information in respect of each conference/seminar –

- (a) the name of the person(s) who attended;
- (b) the relationship, if any, between the person who attended and the insurance agent;
- (c) a copy of the programme;
- (d) the name and address of the organizer;
- (e) the date and venue; and
- (f) the amount and nature of each expense incurred with a copy any receipt received.

Employee Benefits / Staff Benefits / Incentives to Sub-agents, etc.

Provide the following information in respect of each expense claimed –

- (a) the amount;
- (b) full details of the nature of the benefit/incentive;
- (c) a copy of any voucher or receipt received;
- (d) names of the employees/sub-agents who received the benefit/incentive and the amount received by/attribution to each; and
- (e) criteria for eligibility to the benefit/incentive.

Entertainment Expenses

Provide a schedule setting out in respect of each expense incurred –

- (a) the nature of the entertainment;
- (b) the date, venue and amount, with a copy of any receipt received;
- (c) the name and address of each person entertained, and relationship, if any, with the insurance agent; and
- (d) the specific business transaction(s), if any, discussed/negotiated during the occasion of the entertainment, and the result thereof.

Gift / Souvenirs Purchased

Provide a detailed schedule showing in respect of each purchase –

- (a) the date of purchase;
- (b) the item purchased;
- (c) the amount incurred with a copy of any receipt received;
- (d) the name, address and telephone number of the recipient;
- (e) the relationship between the insurance agent and the recipient of the gift/souvenir;
- (f) if the recipient of the gift/souvenir was a client, state the number of each insurance policy purchased by the person through the agent, the nature of the insurance, the amount insured and the annual premium payable; and
- (g) a list of gifts and souvenirs, if any, held at the end of the accounting period.

Motor Car – Repairs and Maintenance Expenses

Provide a schedule showing in respect of each repair or maintenance expense claimed –

- (a) the nature of the expense;
- (b) the amount of the expense with a copy of any receipt received;
- (c) the licence number of the car in respect of which the expense was incurred;
- (d) the name and address of recipient;
- (e) the mode of payment (if by cheque, state the cheque number and the name of the bank upon which drawn); and

- (f) the name and address of the owner of the car, and his/her relationship, if any, with the insurance agent.

Mortgage Interest Paid

Provide the following information in respect of each loan for which interest has been claimed –

- (a) the amount of interest claimed;
- (b) details of the loan, including the name of the mortgagor, name of the mortgagee, amount of the loan, date of advance of the loan and location(s) of property covered by the mortgage; and
- (c) reasons for considering the interest was incurred in the production of assessable profits.

Office Rent

Provide the following information in respect of each office for which a rental expense has been claimed –

- (a) the amount of rent claimed with copies of all rental receipts;
- (b) the address of the premises;
- (c) the period of tenancy;
- (d) full details of how and by whom the premises were used during the basis period;
- (e) the name, identity card number, address and telephone number of the recipient of the rent, and his/her relationship, if any, with the insurance agent;
- (f) details of any other user of the premises; and
- (g) a copy of the stamped tenancy agreement.

Overseas Travelling Expenses

Provide the following information in respect of each trip –

- (a) the name of each person who took the trip and his/her relationship, if any, with the insurance agent;
- (b) copies of vouchers or receipts in respect of expenses claimed;
- (c) full details of each expense incurred, including the date, nature and amount of the expense; and

- (d) an explanation of why it is considered the expenses were incurred in the production of assessable profits.

Rebates / Discounts to Customers

Provide a detailed schedule showing in respect of each transaction –

- (a) the name, address and telephone number of the client;
- (b) the number of each insurance policy purchased by the client;
- (c) the amount of gross commission received and rebate/discount given; and
- (d) an explanation of how the rebate/discount was effected with documentary evidence in support. Also indicate the date, mode and amount of each payment.

Salaries / Commission to Sub-agents / Runners

(I) Provide the following information in respect of each sub-agent/runner –

- (a) the name, address, telephone number and identity card number;
- (b) the period of employment and amount of salaries/commission received by the person;
- (c) the basis upon which the commission, if any, was calculated;
- (d) if employed on a part-time basis, state the person's full-time occupation, if known;
- (e) the relationship, if any, with the insurance agent other than as an employee;
- (f) documentary evidence showing when and how the salary/commission payments were made to the recipient (if made by cheque, state the name of the bank upon which drawn, the account number and the cheque numbers); and
- (g) the name and address of the policy holder and the number of the insurance policy in respect of each policy concluded through the sub-agent/runner.

(II) Forward a list of all the policies introduced to the insurance agent by sub-agents and successfully concluded during the year showing in respect of each policy –

- (a) the name and address of the policy holder;
 - (b) the name of the sub-agent who introduced the policy holder to the insurance agent;
 - (c) the commission received by the insurance agent from the insurance company; and
 - (d) the commission paid by the insurance agent to the sub-agent.
- (III) Forward a copy of any employees' compensation insurance policy held in respect of the sub-agents

Staff Salaries

- (I) Provide the following information in respect of each employee –
- (a) the name, address, telephone number and identity card number;
 - (b) the period of employment and salary received;
 - (c) the capacity in which employed;
 - (d) his/her education level;
 - (e) a detailed description of his/her duties;
 - (f) the location(s) at which he/she discharged his/her duties;
 - (g) the days normally worked each week and his/her normal working hours;
 - (h) if employed on a part time basis, state his/her full time occupation, if known;
 - (i) the relationship, if any, with the insurance agent other than as an employee; and
 - (j) documentary evidence showing when and how the salary payments were made.
- (II) Forward a copy of any employees' compensation insurance policy held in respect of the employees.

Addition to Fixed Assets

Provide the following information in respect of each asset –

- (a) a copy of the voucher for the acquisition of the asset; and
- (b) a full description of the asset acquired.