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## SCHEDULES

### [<sup>F1</sup>SCHEDULE 7A

#### INSURANCE PREMIUM TAX: CONTRACTS THAT ARE NOT TAXABLE

##### Textual Amendments

**F1** Sch. 7A inserted (1.10.1994) by S.I. 1994/1698, art. 5

### PART I

#### DESCRIPTIONS OF CONTRACT

##### *Contracts of reinsurance*

- 1 A contract falls within this paragraph if it is a contract of reinsurance.

##### *Contracts constituting long term business]*

- 2 (1) A contract falls within this paragraph if it is one whose effecting and carrying out constitutes business of one or more of the classes specified in Schedule 1 to the Insurance Companies Act 1982 <sup>F2</sup> (long term business) and constitutes only such business.
- (2) In deciding whether the effecting and carrying out of a contract constitutes only such business as is mentioned in sub-paragraph (1) above where—
- (a) the contract includes cover for risks not falling within the descriptions in any of the classes specified in Schedule 1 to the Insurance Companies Act 1982;
  - (b) the effecting and carrying out of the contract is treated for the purposes of that Act as constituting business of one or more of those classes and only such business by virtue of the application to it of section 1(3) of that Act; and
  - (c) the contract was not entered into after 30th November 1993,
- the inclusion of such cover shall be ignored.

##### Textual Amendments

**F2** 1982 c.50.

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*Contracts relating to motor vehicles for use by handicapped persons*

- 3 (1) A contract falls within this paragraph if it relates only to a motor vehicle and the conditions mentioned in sub-paragraph (2) below are satisfied.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the vehicle is used, or intended for use, by a handicapped person in receipt of a disability living allowance by virtue of entitlement to the mobility component or of a mobility supplement;
  - (b) the insured lets such vehicles on hire to such persons in the course of a business consisting predominantly of the provision of motor vehicles to such persons; and
  - (c) the insured does not in the course of the business let such vehicles on hire to such persons on terms other than qualifying terms.
- (3) For the purposes of sub-paragraph (2)(c) above a vehicle is let on qualifying terms to a person (the lessee) if the consideration for the letting consists wholly or partly of sums paid to the insured by—
- (a) the Department of Social Security;
  - (b) the Department of Health and Social Services for Northern Ireland; or
  - (c) the Ministry of Defence,
- on behalf of the lessee in respect of the disability living allowance or mobility supplement to which the lessee is entitled.
- (4) For the purposes of this paragraph—
- (a) “handicapped” means chronically sick or disabled;
  - (b) “disability living allowance” means a disability living allowance within the meaning of section 71 of the Social Security Contributions and Benefits Act 1992 <sup>M1</sup> or section 71 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 <sup>M2</sup>;
  - (c) “mobility supplement” means a mobility supplement within the meaning of article 26A of the Naval, Military and Air Forces etc. (Disablement and Death) Service Pensions Order 1983 <sup>M3</sup>, article 25A of the Personal Injuries (Civilians) Scheme 1983 <sup>M4</sup>, article 3 of the Motor Vehicles (Exemption from Vehicles Excise Duty) Order 1985 <sup>M5</sup> or article 3 of the Motor Vehicles (Exemption from Vehicles Excise Duty) (Northern Ireland) Order 1985 <sup>M6</sup>.

**Marginal Citations**

**M1** 1992 c.4.

**M2** 1992 c.7.

**M3** S.I. 1983/883; article 26A was inserted by S.I. 1983/1116, and has been amended by S.I. 1983/1521, 1986/592 and 1990/1308.

**M4** S.I. 1983/686; article 25A was inserted by S.I. 1983/1164, and has been amended by S.I. 1983/1540, 1986/628, 1990/1300 and 1992/702.

**M5** S.I. 1985/722.

**M6** S.I. 1985/723.

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#### *Contracts relating to commercial ships*

- 4
- (1) A contract falls within this paragraph if it relates only to a commercial ship and is a contract whose effecting and carrying out constitutes business of one or more of the relevant classes and constitutes only such business.
  - (2) For the purposes of this paragraph the relevant classes are classes 1, 6 and 12 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (ships, accident, third-party etc.).
  - (3) For the purposes of this paragraph a commercial ship is a ship which is—
    - (a) of a gross tonnage of 15 tons or more; and
    - (b) not designed or adapted for use for recreation or pleasure.

#### *Contracts relating to lifeboats and lifeboat equipment*

- 5
- (1) A contract falls within this paragraph if it relates only to a lifeboat and is a contract whose effecting and carrying out constitutes business of one or more of the relevant classes and constitutes only such business.
  - (2) For the purposes of this paragraph the relevant classes are classes 1, 6 and 12 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (ships, accident, third-party etc.).
  - (3) For the purposes of this paragraph a lifeboat is a vessel used or to be used solely for rescue or assistance at sea.
- 6
- (1) A contract falls within this paragraph if it relates only to a lifeboat and lifeboat equipment and is such that, if it related only to a lifeboat, it would fall within paragraph 5 above.
  - (2) In deciding whether a contract relates to lifeboat equipment the nature of the risks concerned is immaterial, and they may (for example) be risks of dying or sustaining injury or of loss or damage.
  - (3) For the purposes of this paragraph—
    - (a) “lifeboat” has the meaning given by paragraph 5(3) above; and
    - (b) “lifeboat equipment” means anything used or to be used solely in connection with a lifeboat.

#### *Contracts relating to commercial aircraft*

- 7
- (1) A contract falls within this paragraph if it relates only to a commercial aircraft and is a contract whose effecting and carrying out constitutes business of one or more of the relevant classes and constitutes only such business.
  - (2) For the purposes of this paragraph the relevant classes are classes 1, 5 and 11 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (aircraft, accident, third-party etc.).
  - (3) For the purposes of this paragraph a commercial aircraft is an aircraft which is—

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- (a) of a weight of 8,000 kilogrammes or more; and
- (b) not designed or adapted for use for recreation or pleasure.

*Contracts relating to risks outside the United Kingdom*

- 8 (1) A contract falls within this paragraph if it relates only to a risk which is situated outside the United Kingdom.
- (2) Section 96A(3) of the Insurance Companies Act 1982 <sup>F3</sup> shall apply to determine whether a risk is situated in the United Kingdom for the purposes of this paragraph as it applies to determine that question for the purposes of that Act, but as if for paragraph (a) of that section there were substituted the following—
- “(a) where the insurance relates to a building, its contents or both (whether or not the contents are covered by the same policy), to the member State in which the building is situated;”

**Textual Amendments**

**F3** 1982 c.50; section 96A was inserted by regulation 2(1) of S.I. 1990/1333.

*Contracts relating to foreign or international railway rolling stock*

- 9 (1) A contract falls within this paragraph if it relates only to foreign or international railway rolling stock and is a contract whose effecting and carrying out constitutes business of one or more of the relevant classes and constitutes only such business.
- (2) For the purposes of this paragraph the relevant classes are classes 4 and 13 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (railway rolling stock, third party etc.).
- (3) For the purposes of this paragraph foreign or international railway rolling stock is railway rolling stock used principally for journeys taking place wholly or partly outside the United Kingdom.

*Contracts relating to the Channel tunnel*

- 10 (1) A contract falls within this paragraph if it relates only to the Channel tunnel system and is a contract whose effecting and carrying out constitutes business of one or more of the relevant classes and constitutes only such business.
- (2) For the purposes of this paragraph the relevant classes are classes 8, 9 and 13 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (fire, damage to property, third party etc.).
- (3) For the purposes of this paragraph “the Channel tunnel system” means—
- (a) the tunnels described in section 1(7)(a) of the Channel Tunnel Act 1987;
  - (b) the control towers situated in the terminal areas described in section 1(7)(b) of that Act; and

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(c) the shuttle crossovers, wherever situated.

- 11 (1) A contract falls within this paragraph if it relates only to relevant Channel tunnel equipment and is a contract whose effecting and carrying out constitutes business of one or more of the relevant classes and constitutes only such business.
- (2) For the purposes of this paragraph the relevant classes are classes 8, 9 and 13 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (fire, damage to property, third party etc.).
- (3) For the purposes of this paragraph “the Channel tunnel system” has the meaning given by paragraph 10(3) above.
- (4) For the purposes of this paragraph “relevant Channel tunnel equipment” means, subject to sub-paragraph (5) below, the fixed or movable equipment needed for the operation of the Channel tunnel system or for the operation of trains through any tunnel forming part of it and in particular includes—
- (a) any ventilation, cooling or electrical plant used or to be used in connection with any such operation; and
  - (b) any safety, signalling and control equipment which is or is to be so used.
- (5) Equipment which consists of or forms part of—
- (a) roads, bridges, platforms, ticket offices and other facilities for the use of passengers or motor vehicles;
  - (b) administrative buildings and maintenance facilities; and
  - (c) railway track or signalling equipment which is not situated in any part of the Channel tunnel system,
- is not relevant Channel tunnel equipment for the purposes of this paragraph.

*Contracts relating to goods in foreign or international transit*

- 12 (1) A contract falls within this paragraph if it relates only to loss of or damage to goods in foreign or international transit and the insured enters into the contract in the course of a business carried on by him.
- (2) For the purposes of this paragraph goods in foreign or international transit are goods in transit, and any container in which they are carried, where their carriage—
- (a) begins and ends outside the United Kingdom;
  - (b) begins outside but ends in the United Kingdom; or
  - (c) ends outside but begins in the United Kingdom.
- (3) For the purposes of sub-paragraph (2) above “container” has the same meaning as in regulation 38(3) of the Value Added Tax (General) Regulations 1985<sup>M7</sup>.

**Marginal Citations**

**M7** S.I. 1985/886.

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*Contracts relating to credit*

- 13 (1) A contract falls within this paragraph if it relates only to credit granted in relation to goods or services supplied under a relevant contract by a person carrying on business in the United Kingdom.
- (2) For the purposes of this paragraph a relevant contract is—
- (a) a contract to make a relevant supply of goods, or a supply of services, or both, to an overseas customer;
  - (b) a contract to supply goods to a person who is to—
    - (i) export those goods; or
    - (ii) incorporate those goods in other goods which he is to export, where the condition mentioned in sub-paragraph (3) below is satisfied;
  - (c) a contract to supply to a person who is to export goods services consisting of the valuation or testing of, or other work carried out on, those goods where the condition mentioned in sub-paragraph (3) below is satisfied;
  - (d) a contract to supply services to a person in order that he may comply with a legally binding obligation to make a supply of services to an overseas customer.
- (3) The condition referred to in sub-paragraph (2)(b) and (c) above is that the goods to be exported are to be exported in order that the person exporting them may comply with a legally binding obligation to make a relevant supply of goods to an overseas customer.
- (4) For the purposes of this paragraph—
- (a) “export” means export from the United Kingdom and cognate expressions shall be construed accordingly; and
  - (b) any reference to a person who is to export goods shall be taken as including a reference to a person at whose direction the insured is to export them and the reference in sub-paragraph (3) above to the person exporting goods shall be construed accordingly.
- (5) Where a contract relates to—
- (a) credit of the description in sub-paragraph (1) above; and
  - (b) loss resulting from the insured or any third party being required to pay the amount of any bond or guarantee against non-performance by the insured of the contract which involves him making the supply,
- the contract shall be treated for the purposes of sub-paragraph (1) above as if it did not relate to loss of the description in paragraph (b) above.

*Contracts relating to exchange losses*

- 14 (1) A contract falls within this paragraph if—
- (a) it relates only to loss resulting from a change in the rate at which the price for a supply which is or may be made by the insured may be exchanged for another currency; and
  - (b) the conditions mentioned in sub-paragraph (2) below are satisfied.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the insured is a person carrying on business in the United Kingdom;

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- (b) the contract of insurance concerns a contract to make a relevant supply of goods, or a supply of services, or both, to an overseas customer (whether or not the contract to make the supply is one into which the insured has entered, or one for which he has tendered or intends to tender); and
- (c) the period of cover for the risk expires no later than the date by which the whole of the price for the supply is to be paid or, where the contract has not been entered into, would be required to be paid.

(3) Where the contract relates to—

- (a) loss of the description in sub-paragraph (1)(a) above; and
- (b) loss relating from a change in the rate at which the price of goods which the insured imports into the United Kingdom for the purpose of enabling him to make the supply concerned may be exchanged for another currency,

the contract shall be treated for the purposes of sub-paragraphs (1) and (2) above as if it did not relate to loss of the description in paragraph (b) above.

*Contracts relating to the provision of financial facilities*

- 15 (1) A contract falls within this paragraph if it relates only to the provision of a relevant financial facility and the conditions mentioned in sub-paragraph (2) below are satisfied.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the person to whom the relevant financial facility is provided is an overseas customer;
  - (b) it is provided in order that he may comply with a legally binding obligation to receive a relevant supply of goods, or a supply of services, or both, from a person carrying on business in the United Kingdom; and
  - (c) the contract of insurance is a contract whose effecting and carrying out constitutes business of one or both of classes 14 and 15 of the classes specified in Part I of Schedule 2 to the Insurance Companies Act 1982 (credit, suretyship etc.).
- (3) For the purposes of this paragraph a relevant financial facility is—
- (a) the making of an advance;
  - (b) the issue of a letter of credit or acceptance of a bill of exchange;
  - (c) the giving of a guarantee or bond; or
  - (d) any other similar transaction entered into in order to provide a customer with the means to pay, or a supplier with the right to call upon a third party for, the consideration for goods or services.

## PART II

### INTERPRETATION

- 16 (1) This Part of this Schedule applies for the purposes of Part I of this Schedule.
- (2) A relevant supply of goods is any supply of goods where the supply is to be made outside the United Kingdom or where the goods are to be exported from the United Kingdom.

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- (3) An overseas customer, in relation to a supply of goods or services, is a person who—
- (a) does not have any business establishment in the United Kingdom but has such an establishment elsewhere;
  - (b) has such establishments both in the United Kingdom and elsewhere, provided that the establishment at which, or for the purposes of which, the goods or services which are to be supplied to him are most directly to be used is not in the United Kingdom; or
  - (c) has no such establishment in any place and does not have his usual place of residence in the United Kingdom.

VALID FROM 01/12/2001

- [<sup>F4</sup>16A Paragraphs 2, 4, 5, 7, 8, 9, 10, 11 and 15 must be read with—
- (a) section 22 of the Financial Services and Markets Act 2000;
  - (b) any relevant order under that section; and
  - (c) Schedule 2 to that Act.]

**Textual Amendments**

**F4** Sch. 7A para. 16A inserted (1.12.2001) by S.I. 2001/3649, arts. 1, 346(12)



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