



# Finance Act 1998

## 1998 CHAPTER 36

### PART V

#### OTHER TAXES

##### *Insurance premium tax*

#### **146 Travel insurance: higher rate tax.**

- (1) Schedule 6A to the <sup>M1</sup>Finance Act 1994 (premiums liable to tax at the higher rate) shall be amended as follows.
- (2) For paragraph 4 (travel insurance) there shall be substituted—

“4 **Travel insurance**

- (1) A premium under a taxable insurance contract falls within this paragraph if it is in respect of the provision of cover against travel risks for a person travelling.
- (2) Where—
  - (a) a contract of insurance provides cover against both travel risks and risks other than travel risks,
  - (b) the premium attributable to the cover against travel risks does not exceed 10 per cent. of the total premium payable under the contract, and
  - (c) the contract does not provide cover for a person travelling against travel risks falling within two or more of the paragraphs of sub-paragraph (3) below,the premium, so far as attributable to the cover against travel risks, does not fall within this paragraph by virtue of sub-paragraph (1) above.
- (3) The travel risks mentioned in sub-paragraph (2)(c) above are—

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- (a) liability in respect of cancellation of travel or of accommodation arranged in connection with travel;
  - (b) delayed or missed departure;
  - (c) curtailment of travel or of the use of accommodation arranged in connection with travel;
  - (d) loss or delayed arrival of baggage;
  - (e) personal injury or illness or expenses of repatriation.
- (4) A premium does not fall within this paragraph by virtue of sub-paragraph (1) above if it is payable under a taxable insurance contract relating to a motor vehicle and is attributable to cover of the kind generally known as—
- (a) fully comprehensive,
  - (b) third party, fire and theft,
  - (c) third party, or
  - (d) roadside assistance,
- or if it is payable under a taxable insurance contract relating to a caravan, boat or aircraft and is attributable to cover of a description broadly corresponding to any of those set out in paragraphs (a) to (d) above (so far as applicable) provided in respect of the caravan, boat or aircraft for a period of at least one month for the person travelling.
- (5) In this paragraph—
- “person travelling” includes a person intending to travel;
  - “travel risks” means risks associated with, or related to, travel or intended travel—
- (a) outside the United Kingdom,
  - (b) by air within the United Kingdom,
  - (c) within the United Kingdom in connection with travel falling within paragraph (a) or (b) above, or
  - (d) which involves absence from home for at least one night,
- or risks to which a person travelling may be exposed during, or at any place at which he may be in the course of, any such travel.”
- (3) Except as provided by subsection (4) below, subsections (1) and (2) above have effect in relation to a premium which falls to be regarded for the purposes of Part III of the Finance Act 1994 as received under a taxable insurance contract by an insurer on or after 1st August 1998.
- (4) Subsections (1) and (2) above do not have effect in relation to a premium if the premium—
- (a) is in respect of a contract made before 1st August 1998; and
  - (b) falls, by virtue of regulations under section 68 of the <sup>M2</sup>Finance Act 1994 (special accounting scheme), to be regarded for the purposes of Part III of that Act as received under the contract by the insurer on a date before 1st February 1999.
- (5) In the application of sections 67A to 67C of the <sup>M3</sup>Finance Act 1994 in relation to the increase in insurance premium tax effected by this section and the exception from that increase—

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- (a) the announcement relating to that increase, as described in section 67A(1), and to that exception, as described in section 67B(1), shall be taken to have been made on 17th March 1998;
- (b) “the date of the change” is 1st August 1998; and
- (c) “the concessionary date” is 1st February 1999.

#### Marginal Citations

**M1** 1994 c. 9.

**M2** 1994 c. 9.

**M3** 1994 c. 9.

### 147 Taxable intermediaries.

- (1) Section 52A of the <sup>M4</sup>Finance Act 1994 (certain fees to be treated as premiums under higher rate contracts) shall be amended as follows.
- (2) In subsection (5) (which defines a “taxable intermediary” as a person falling within subsection (6) of that section etc) after “subsection (6)” there shall be inserted “ or (6A) ”.
- (3) For subsections (6) and (7) there shall be substituted—
  - “(6) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 2 or 3 of Schedule 6A to this Act (motor cars or motor cycles, or relevant goods) and the person is—
    - (a) within the meaning of the paragraph in question, a supplier of motor cars or motor cycles or, as the case may be, of relevant goods; or
    - (b) a person connected with a person falling within paragraph (a) above; or
    - (c) a person who in the course of his business pays—
      - (i) the whole or any part of the premium received under that contract, or
      - (ii) a fee connected with the arranging of that contract,
 to a person falling within paragraph (a) or (b) above.
  - (6A) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 4 of Schedule 6A to this Act (travel insurance) and the person is—
    - (a) the insurer under that contract; or
    - (b) a person through whom that contract is arranged in the course of his business; or
    - (c) a person connected with the insurer under that contract; or
    - (d) a person connected with a person falling within paragraph (b) above; or
    - (e) a person who in the course of his business pays—
      - (i) the whole or any part of the premium received under that contract, or
      - (ii) a fee connected with the arranging of that contract,
 to a person falling within any of paragraphs (a) to (d) above.”

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- (4) In subsection (9) (definitions) the definition of “tour operator” and “travel agent” shall be omitted.
- (5) The amendments made by this section have effect in relation to payments in respect of fees charged on or after 1st August 1998.

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**Marginal Citations**

**M4** 1994 c. 9.

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 18 para. 52(2B)(b)-(d) omitted by [2024 c. 3 Sch. 2 para. 10\(3\)](#)
- Sch. 18 Pt. 9C repealed by [2009 c. 4 Sch. 1 para. 454\(1\) Sch. 3 Pt. 1](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 18 Pt. 9C repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 454(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2))
- Sch. 18 Pt. 9C title substituted by [2006 c. 25 Sch. 3 para. 9](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 18 Pt. 9C repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 454(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2))