



Finance Act 1994

1994 CHAPTER 9

PART III

INSURANCE PREMIUM TAX

Miscellaneous

62 Partnership, bankruptcy, transfer of business, etc.

- (1) Regulations may make provision for determining by what persons anything required by this Part to be done by an insurer [^{F1}or taxable intermediary] is to be done where the business concerned is carried on in partnership or by another unincorporated body.
- (2) The registration under this Part of an unincorporated body other than a partnership may be in the name of the body concerned; and in determining whether premiums are received by such a body no account shall be taken of any change in its members.
- (3) Regulations may make provision for determining by what person anything required by this Part to be done by an insurer is to be done in a case where insurance business is carried on by persons who are underwriting members of Lloyd's and are members of a syndicate of such underwriting members.
- (4) Regulations may—
 - (a) make provision for the registration for the purposes of this Part of a syndicate of underwriting members of Lloyd's;
 - (b) provide that for purposes prescribed by the regulations no account shall be taken of any change in the members of such a syndicate;and regulations under paragraph (a) above may modify section 53 above.
- (5) As regards any case where a person carries on a business of an insurer [^{F1}or taxable intermediary] who has died or become bankrupt or incapacitated or been sequestrated, or of an insurer [^{F1}or taxable intermediary] which is in liquidation or receivership or [^{F2}administration], regulations may—

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- (a) require the person to inform the Commissioners of the fact that he is carrying on the business and of the event that has led to his carrying it on;
 - (b) make provision allowing the person to be treated for a limited time as if he were the insurer ^{[F1}or taxable intermediary];
 - (c) make provision for securing continuity in the application of this Part where a person is so treated.
- (6) Regulations may make provision for securing continuity in the application of this Part in cases where a business carried on by a person is transferred to another person as a going concern.
- (7) Regulations under subsection (6) above may in particular provide—
- (a) for liabilities and duties under this Part of the transferor to become, to such extent as may be provided by the regulations, liabilities and duties of the transferee;
 - (b) for any right of either of them to repayment or credit in respect of tax to be satisfied by making a repayment or allowing a credit to the other;
- but the regulations may provide that no such provision as is mentioned in paragraph (a) or (b) of this subsection shall have effect in relation to any transferor and transferee unless an application in that behalf has been made by them under the regulations.

Textual Amendments

- F1** Words in s. 62(1)(5) inserted (19.3.1997) by [1997 c. 16, s. 27\(7\)](#)
- F2** Word in s. 62(5) substituted (15.9.2003) by [The Enterprise Act 2002 \(Insolvency\) Order 2003 \(S.I. 2003/2096\)](#), art. 1(1), [Sch. para. 23](#) (with art. 6)

63 Groups of companies.

- (1) Where under the following provisions of this section any bodies corporate are treated as members of a group, for the purposes of this Part—
- (a) any taxable business carried on by a member of the group shall be treated as carried on by the representative member,
 - ^{[F3}(aa) any business carried on by a member of the group who is a taxable intermediary shall be treated as carried on by the representative member,]
 - (b) the representative member shall be taken to be the insurer in relation to any taxable insurance contract as regards which a member of the group is the actual insurer,
 - ^{[F4}(bb) the representative member shall be taken to be the taxable intermediary in relation to any taxable intermediary's fees as regards which a member of the group is the actual taxable intermediary,]
 - (c) any receipt by a member of the group of a premium under a taxable insurance contract shall be taken to be a receipt by the representative member, and
 - (d) all members of the group shall be jointly and severally liable for any tax due from the representative member.
- (2) Two or more bodies corporate are eligible to be treated as members of a group if each of them falls within subsection (3) below and—
- (a) one of them controls each of the others,
 - (b) one person (whether a body corporate or an individual) controls all of them, or

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- (c) two or more individuals carrying on a business in partnership control all of them.
- (3) A body falls within this subsection if it is resident in the United Kingdom or it has an established place of business in the United Kingdom.
- (4) Where an application to that effect is made to the Commissioners with respect to two or more bodies corporate eligible to be treated as members of a group, then—
- (a) from the beginning of an accounting period they shall be so treated, and
 - (b) one of them shall be the representative member,
- unless the Commissioners refuse the application; and the Commissioners shall not refuse the application unless it appears to them necessary to do so for the protection of the revenue.
- (5) Where any bodies corporate are treated as members of a group and an application to that effect is made to the Commissioners, then, from the beginning of an accounting period—
- (a) a further body eligible to be so treated shall be included among the bodies so treated,
 - (b) a body corporate shall be excluded from the bodies so treated,
 - (c) another member of the group shall be substituted as the representative member, or
 - (d) the bodies corporate shall no longer be treated as members of a group,
- unless the application is to the effect mentioned in paragraph (a) or (c) above and the Commissioners refuse the application.
- (6) The Commissioners may refuse an application under subsection (5)(a) or (c) above only if it appears to them necessary to do so for the protection of the revenue.
- (7) Where a body corporate is treated as a member of a group as being controlled by any person and it appears to the Commissioners that it has ceased to be so controlled, they shall, by notice given to that person, terminate that treatment from such date as may be specified in the notice.
- (8) An application under this section with respect to any bodies corporate must be made by one of those bodies or by the person controlling them and must be made not less than 90 days before the date from which it is to take effect, or at such later time as the Commissioners may allow.
- (9) For the purposes of this section a body corporate shall be taken to control another body corporate if it is empowered by statute to control that body's activities or if it is that body's holding company within the meaning of section ^{F5}1159 of and Schedule 6 to] the ^{M1}Companies Act [^{F5}2006] ; and an individual or individuals shall be taken to control a body corporate if he or they, were he or they a company, would be that body's holding company within the meaning of [^{F5}those provisions] .

Textual Amendments

- F3** S. 63(1)(aa) inserted (19.3.1997) by 1997 c. 16, s. 27(8)(a)
- F4** S. 63(1)(bb) inserted (19.3.1997) by 1997 c. 16, s. 27(8)(b)
- F5** Words in s. 63(9) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), 4(1)(b)

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Marginal Citations

M1 1985 c. 6.

64 Information, powers, penalties, etc.

Schedule 7 to this Act (which contains provisions relating to information, powers, penalties and other matters) shall have effect.

65 Liability of insured in certain cases.

(1) Regulations may make provision under this section with regard to any case where at any time ^{F6}...^{F7}the insurer—

- (a) does not have any business establishment or other fixed establishment in the United Kingdom, and
- (b) is established in a country or territory in respect of which it appears to the Commissioners that the condition in subsection (1A) below is met.]

[^{F8}(1A) The condition mentioned in subsection (1)(b) above is that—

- (a) the country or territory is neither a member State nor a part of a member State, and
- (b) there is no provision for mutual assistance between the United Kingdom and the country or territory similar in scope to the assistance provided for between the United Kingdom and each other member State by the mutual assistance provisions.

(1B) In subsection (1A) above “the mutual assistance provisions” means—

- (a) section 134 of, and Schedule 39 to, the Finance Act 2002 (recovery of taxes etc due in other member States), and
- (b) section 197 of the Finance Act 2003 (exchange of information between tax authorities of member States).]

(2) Regulations may make provision allowing notice to be served in accordance with the regulations on—

- (a) the person who is insured under a taxable insurance contract, if there is one insured person, or
- (b) one or more of the persons who are insured under a taxable insurance contract, if there are two or more insured persons;

and a notice so served is referred to in this section as a liability notice.

(3) Regulations may provide that if a liability notice has been served in accordance with the regulations—

- (a) the Commissioners may assess to the best of their judgment the amount of any tax due in respect of premiums received by the insurer under the contract concerned after the material date and before the date of the assessment, and
- (b) that amount shall be deemed to be the amount of tax so due.

(4) The material date is—

- (a) where there is one person on whom a liability notice has been served in respect of the contract, the date when the notice was served or such later date as may be specified in the notice;

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- (b) where there are two or more persons on whom liability notices have been served in respect of the contract, the date when the last of the notices was served or such later date as may be specified in the notices.
- (5) Regulations may provide that where—
 - (a) an assessment is made in respect of a contract under provision included in the regulations by virtue of subsection (3) above, and
 - (b) the assessment is notified to the person, or each of the persons, on whom a liability notice in respect of the contract has been served,the persons mentioned in subsection (6) below shall be jointly and severally liable to pay the tax assessed, and that tax shall be recoverable accordingly.
- (6) The persons are—
 - (a) the person or persons mentioned in subsection (5)(b) above, and
 - (b) the insurer.
- (7) Where regulations make provision under subsection (5) above they must also provide that any provision made under that subsection shall not apply if, or to the extent that, the assessment has subsequently been withdrawn or reduced.
- (8) Regulations may make provision as to the time within which, and the manner in which, tax which has been assessed is to be paid.
- (9) Where any amount is recovered from an insured person by virtue of regulations made under this section, the insurer shall be liable to pay to the insured person an amount equal to the amount recovered; and regulations may make provision requiring an insurer to pay interest where this subsection applies.
- (10) Regulations may make provision for adjustments to be made of a person's liability in any case where—
 - (a) an assessment is made under section 56 above in relation to the insurer, and
 - (b) an assessment made by virtue of regulations under this section relates to premiums received (or assumed for the purposes of the assessment to be received) within a period which corresponds to any extent with the accounting period to which the assessment under section 56 relates.
- (11) Regulations may make provision as regards a case where—
 - (a) an assessment made in respect of a contract by virtue of regulations under this section relates to premiums received (or assumed for the purposes of the assessment to be received) within a given period, and
 - (b) an amount of tax is paid by the insurer in respect of an accounting period which corresponds to any extent with that period;and the regulations may include provision for determining whether, or how much of, any of the tax paid as mentioned in paragraph (b) above is attributable to premiums received under the contract in the period mentioned in paragraph (a) above.
- (12) Regulations may—
 - (a) make provision requiring the Commissioners, in prescribed circumstances, to furnish prescribed information to an insured person;
 - (b) make provision requiring any person on whom a liability notice has been served to keep records, to furnish information, or to produce documents for inspection or cause documents to be produced for inspection;

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- (c) make such provision as the Commissioners think is reasonable for the purpose of facilitating the recovery of tax from the persons having joint and several liability (rather than from the insurer alone);
 - (d) modify the effect of any provision of this Part.
- (13) Regulations may provide for an insured person to be liable to pay tax assessed by virtue of the regulations notwithstanding that he has already paid an amount representing tax as part of a premium.

Textual Amendments

- F6** Words in s. 65(1) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 142\(1\)\(b\)](#)
- F7** Words in s. 65(1) substituted (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 143\(2\)](#)
- F8** S. 65(1A)(1B) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 143\(3\)](#)

66 Directions as to amounts of premiums.

- (1) This section applies where—
- (a) anything is received by way of premium under a taxable insurance contract, and
 - (b) the amount of the premium is less than it would be if it were received under the contract in open market conditions.
- (2) The Commissioners may direct that the amount of the premium shall be taken for the purposes of this Part to be such amount as it would be if it were received under the contract in open market conditions.
- (3) A direction under subsection (2) above shall be given by notice in writing to the insurer, and no direction may be given more than three years after the time of the receipt.
- (4) Where the Commissioners make a direction under subsection (2) above in the case of a contract they may also direct that if—
- (a) anything is received by way of premium under the contract after the giving of the notice or after such later date as may be specified in the notice, and
 - (b) the amount of the premium is less than it would be if it were received under the contract in open market conditions,
- the amount of the premium shall be taken for the purposes of this Part to be such amount as it would be if it were received under the contract in open market conditions.
- (5) For the purposes of this section a premium is received in open market conditions if it is received—
- (a) by an insurer standing in no such relationship with the insured person as would affect the premium, and
 - (b) in circumstances where there is no other contract or arrangement affecting the parties.
- (6) For the purposes of this section it is immaterial whether what is received by way of premium is money or something other than money or both.

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67 Deemed date of receipt of certain premiums.

- (1) In a case where—
 - (a) a premium under a contract of insurance is received by the insurer after 30th November 1993 and before 1st October 1994, and
 - (b) the period of cover for the risk begins on or after 1st October 1994,for the purposes of this Part the premium shall be taken to be received on 1st October 1994.
- (2) Subsection (3) below applies where—
 - (a) a premium under a contract of insurance is received by the insurer after 30th November 1993 and before 1st October 1994,
 - (b) the period of cover for the risk begins before 1st October 1994 and ends after 30th September 1995, and
 - (c) the premium, or any part of it, is attributable to such of the period of cover as falls after 30th September 1995.
- (3) For the purposes of this Part—
 - (a) so much of the premium as is attributable to such of the period of cover as falls after 30th September 1995 shall be taken to be received on 1st October 1994;
 - (b) so much as is so attributable shall be taken to be a separate premium.
- (4) If a contract relates to more than one risk subsection (1) above shall have effect as if the reference in paragraph (b) to the risk were to any given risk.
- (5) If a contract relates to more than one risk, subsections (2) and (3) above shall apply as follows—
 - (a) so much of the premium as is attributable to any given risk shall be deemed for the purposes of those subsections to be a separate premium relating to that risk;
 - (b) those subsections shall then apply separately in the case of each given risk and the separate premium relating to it;and any further attribution required by those subsections shall be made accordingly.
- (6) Subsections (1) and (4) above do not apply in relation to a contract if the contract belongs to a class of contract as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins.
- (7) Subsections (2), (3) and (5) above do not apply in relation to a contract if the contract belongs to a class of contract as regards which the normal practice is for cover to be provided for a period exceeding twelve months.
- (8) Any attribution under this section shall be made on such basis as is just and reasonable.

^{F9}[67A Announced increase in rate of tax: certain premiums treated as received on date of increase.

- (1) This section applies in any case where a proposed increase is announced by a Minister of the Crown in the rate at which tax is to be charged on a premium if it is received by the insurer on or after a date specified in the announcement (“the date of the change”).
- (2) In a case where—

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- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the date of the change, and
 - (b) the period of cover for the risk begins on or after the date of the change,
- for the purposes of this Part the premium shall be taken to be received on the date of the change.
- (3) Subsection (4) below applies where—
- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the date of the change;
 - (b) the period of cover for the risk begins before the date of the change and ends on or after the first anniversary of the date of the change; and
 - (c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change.
- (4) For the purposes of this Part—
- (a) so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change shall be taken to be received on the date of the change; and
 - (b) so much as is so attributable shall be taken to be a separate premium.
- (5) In determining whether the condition in subsection (2)(a) or (3)(a) above is satisfied, the provisions of regulations made by virtue of subsection (3) or (7) of section 68 below apply as they would apart from this section; but, subject to that, where subsection (2) or (4) above applies—
- (a) that subsection shall have effect notwithstanding anything in section 68 below or regulations made under that section; and
 - (b) any regulations made under that section shall have effect as if the entry made in the accounts of the insurer showing the premium as due to him had been made as at the date of the change.
- (6) Any attribution under this section shall be made on such basis as is just and reasonable.
- (7) In this section—
- “increase”, in relation to the rate of tax, includes the imposition of a charge to tax by adding to the descriptions of contract which are taxable insurance contracts;
 - “Minister of the Crown” has the same meaning as in the Ministers of the ^{M2}Crown Act 1975.]

Textual Amendments

F9 Ss. 67A-67C inserted (with effect *retrospectively* to 26.11.1996) by 1997 c. 16, s. 29(1)(3)

Modifications etc. (not altering text)

C1 S. 67A modified (27.7.2010) by Finance (No. 2) Act 2010 (c. 31), s. 4(3)

C2 Ss. 67A-67C modified (19.3.1997) by 1997 c. 16, s. 29(2)

Ss. 67A-67C modified (31.7.1998) by 1998 c. 36, s. 146(5)

Ss. 67A-67C modified (27.7.1999) by 1999 c. 16, s. 125(5)

Marginal Citations

M2 1975 c. 26.

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[^{F10}67B Announced increase in rate of tax: certain contracts treated as made on date of increase.

- (1) This section applies in any case where—
- (a) an announcement falling within section 67A(1) above is made; but
 - (b) a proposed exception from the increase in question is also announced by a Minister of the Crown; and
 - (c) the proposed exception is to apply in relation to a premium only if the conditions described in subsection (2) below are satisfied in respect of the premium.
- (2) Those conditions are—
- (a) that the premium is in respect of a contract made before the date of the change;
 - (b) that the premium falls, by virtue of regulations under section 68 below, to be regarded for the purposes of this Part as received under the contract by the insurer before such date (“the concessionary date”) as is specified for the purpose in the announcement.
- (3) In a case where—
- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the concessionary date, and
 - (b) the period of cover for the risk begins on or after the date of the change,
- the rate of tax applicable in relation to the premium shall be determined as if the contract had been made on the date of the change.
- (4) Subsection (5) below applies where—
- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the concessionary date;
 - (b) the period of cover for the risk begins before the date of the change and ends on or after the first anniversary of the date of the change; and
 - (c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change.
- (5) Where this subsection applies—
- (a) the rate of tax applicable in relation to so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change shall be determined as if the contract had been made on the date of the change; and
 - (b) so much of the premium as is so attributable shall be taken to be a separate premium.
- (6) Any attribution under this section shall be made on such basis as is just and reasonable.
- (7) In this section—
- “the date of the change” has the same meaning as in section 67A above;
- “Minister of the Crown” has the same meaning as in section 67A above.]

Textual Amendments

F10 Ss. 67A-67C inserted (with effect *retrospectively* to 26.11.1996) by 1997 c. 16, s. 29(1)(3)

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Modifications etc. (not altering text)

- C3** Ss. 67A-67C modified (19.3.1997) by [1997 c. 16, s. 29\(2\)](#)
Ss. 67A-67C modified (31.7.1998) by [1998 c. 36, s. 146\(5\)](#)
Ss. 67A-67C modified (27.7.1999) by [1999 c. 16, s. 125\(5\)](#)

[^{F11}67C Announced increase in rate of tax: exceptions and apportionments.

- (1) Sections 67A(2) and 67B(3) above do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins.
- (2) Sections 67A(3) and (4) and 67B(4) and (5) above do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for cover to be provided for a period exceeding twelve months.
- (3) If a contract relates to more than one risk, then, in the application of section 67A(2), 67A(3) and (4), 67B(3) or 67B(4) and (5) above—
 - (a) the reference in section 67A(2)(b) or (3)(b) or 67B(3)(b) or (4)(b), as the case may be, to the risk shall be taken as a reference to any given risk,
 - (b) so much of the premium as is attributable to any given risk shall be taken for the purposes of section 67A(2), 67A(3) and (4), 67B(3) or 67B(4) and (5) above, as the case may be, to be a separate premium relating to that risk,
 - (c) those provisions shall then apply separately in the case of each given risk and the separate premium relating to it, and
 - (d) any further attribution required by section 67A(3) and (4) or 67B(4) and (5) above shall be made accordingly,
 and subsections (1) and (2) above shall apply accordingly.
- (4) Any attribution under this section shall be made on such basis as is just and reasonable.]

Textual Amendments

- F11** Ss. 67A-67C inserted (with effect *retrospectively* to 26.11.1996) by [1997 c. 16, s. 29\(1\)\(3\)](#)

Modifications etc. (not altering text)

- C4** S. 67C modified (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\), s. 4\(3\)](#)
C5 Ss. 67A-67C modified (19.3.1997) by [1997 c. 16, s. 29\(2\)](#)
Ss. 67A-67C modified (31.7.1998) by [1998 c. 36, s. 146\(5\)](#)
Ss. 67A-67C modified (27.7.1999) by [1999 c. 16, s. 125\(5\)](#)

68 Special accounting schemes.

- (1) Regulations may make provision establishing a scheme in accordance with the following provisions of this section; and in this section “a relevant accounting period”, in relation to an insurer, means an accounting period as regards which the scheme applies to the insurer.

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- (2) Regulations may provide that if an insurer notifies the Commissioners that the scheme should apply to him as regards accounting periods beginning on or after a date specified in the notification and prescribed conditions are fulfilled, then, subject to any provision made under subsection (9) below, the scheme shall apply to the insurer as regards accounting periods beginning on or after that date.
- (3) Regulations may provide that where—
 - (a) an entry is made in the accounts of an insurer showing a premium under a taxable insurance contract as due to him, and
 - (b) the entry is made as at a particular date which falls within a relevant accounting period,then (whether or not that date is one on which the premium is actually received by the insurer or on which the premium would otherwise be treated for the purposes of this Part as received by him) the premium shall for the purposes of this Part be taken to be received by the insurer on that date or, in prescribed circumstances, to be received by him on a different date determined in accordance with the regulations.
- (4) Where regulations make provision under subsection (3) above they may also provide that, for the purposes of this Part, the amount of the premium shall be taken to be the amount which the entry in the accounts treats as its amount.
- (5) Regulations may provide that provision made under subsections (3) and (4) above shall apply even if the premium, or part of it, is never actually received by the insurer or on his behalf; and the regulations may include provision that, where the premium is never actually received because the contract under which it would have been received is never entered into or is terminated, the premium is nonetheless to be taken for the purposes of this Part to be received under a taxable insurance contract.
- (6) Regulations may provide that any provision made under subsection (4) above shall be subject to any directions made under section 66 above.
- (7) Regulations may provide that where a premium is treated as received on a particular date by virtue of provision made under subsection (3) above and there is another date on which the premium—
 - (a) is actually received by the insurer, or
 - (b) would, apart from the regulations, be treated for the purposes of this Part as received by him,the premium shall be taken for the purposes of this Part not to be received by him on that other date.
- (8) Regulations may provide that provision made under subsection (7) above shall apply only to the extent that there is no excess of the actual amount of the premium over the amount which, by virtue of regulations under this section or of a direction under section 66 above, is to be taken for the purposes of this Part to be its amount; and the regulations may include provision that where there is such an excess, the excess amount shall be taken for the purposes of this Part to be a separate premium and to be received by the insurer on a date determined in accordance with the regulations.
- (9) Regulations may provide that if a notification has been given in accordance with provision made under subsection (2) above and subsequently—
 - (a) the insurer gives notice to the Commissioners that the scheme should not apply to him as regards accounting periods beginning on or after a date specified in the notice, or

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- (b) the Commissioners give notice to the insurer that the scheme is not to apply to him as regards accounting periods beginning on or after a date specified in the notice,

then, if prescribed conditions are fulfilled, the scheme shall not apply to the insurer as regards an accounting period beginning on or after the date specified in the notice mentioned in paragraph (a) or (b) above unless the circumstances are such as may be prescribed.

- (10) Regulations may include provision—

- (a) enabling an insurer to whom the scheme applies as regards an accounting period to account for tax due in respect of that period on the assumption that the scheme will apply to him as regards subsequent accounting periods;
- (b) designed to secure that, where the scheme ceases to apply to an insurer, any tax which by virtue of provision made under paragraph (a) above has not been accounted for is accounted for and paid.

- (11) Regulations may provide that where—

- (a) an entry in the accounts of an insurer shows a premium as due to him,
- (b) the entry is made as at a date falling before 1st October 1994,
- (c) tax in respect of the receipt of the premium would, apart from the regulations, be charged by reference to a date (whether or not the date on which the premium is actually received by the insurer) falling on or after 1st October 1994,
- (d) the date by reference to which tax would be charged falls within a relevant accounting period, and
- (e) prescribed conditions are fulfilled,

the premium, or such part of it as may be found in accordance with prescribed rules, shall be taken for the purposes of this Part to have been received by the insurer before 1st October 1994.

- (12) Without prejudice to subsection (13) below, regulations may include provision modifying any provision made under this section so as to secure the effective operation of the provision in a case where a premium consists wholly or partly of anything other than money.

- (13) Regulations may modify the effect of any provision of this Part.

- (14) The reference in subsection (3)(a) above to a premium under a taxable insurance contract includes a reference to anything that, although not actually received by or on behalf of the insurer, would be such a premium if it were so received.

[^{F12}69 Charge to tax where different rates of tax apply.

- (1) This section applies for the purpose of determining the chargeable amount in a case where a contract provides cover falling within any one of the following paragraphs, that is to say—

- (a) cover for one or more exempt matters,
- (b) cover for one or more standard rate matters, or
- (c) cover for one or more higher rate matters,

and also provides cover falling within another of those paragraphs.

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[But this section does not apply for the purpose of determining the chargeable amount^{F13}(1A) in relation to an excepted premium (as to which see section 69A).]

(2) In the following provisions of this section “the non-exempt premium” means the difference between—

- (a) the amount of the premium; and
- (b) such part of the premium as is attributable to any exempt matter or matters or, if no part is so attributable, nil.

(3) If the contract provides cover for one or more exempt matters and also provides cover for either—

- (a) one or more standard rate matters, or
- (b) one or more higher rate matters,

the chargeable amount is such amount as, with the addition of the tax chargeable at the standard rate or (as the case may be) the higher rate, is equal to the non-exempt premium.

(4) If the contract provides cover for both—

- (a) one or more standard rate matters, and
- (b) one or more higher rate matters,

the higher rate element and the standard rate element shall be found in accordance with the following provisions of this section.

(5) For the purposes of this section—

- (a) “the higher rate element” is such portion of the non-exempt premium as is attributable to the higher rate matters (including tax at the higher rate); and
- (b) “the standard rate element” is the difference between—
 - (i) the non-exempt premium; and
 - (ii) the higher rate element.

(6) In a case falling within subsection (4) above, tax shall be charged separately—

- (a) at the standard rate, by reference to the standard rate chargeable amount, and
 - (b) at the higher rate, by reference to the higher rate chargeable amount,
- and the tax chargeable in respect of the premium is the aggregate of those amounts of tax.

(7) For the purposes of this section—

“the higher rate chargeable amount” is such amount as, with the addition of the tax chargeable at the higher rate, is equal to the higher rate element;

“the standard rate chargeable amount” is such amount as, with the addition of the tax chargeable at the standard rate, is equal to the standard rate element.

(8) References in this Part to the chargeable amount shall, in a case falling within subsection (4) above, be taken as referring separately to the standard rate chargeable amount and the higher rate chargeable amount.

(9) In applying subsection (2)(b) above, any amount that is included in the premium as being referable to tax (whether or not the amount corresponds to the actual amount of tax payable in respect of the premium) shall be taken to be wholly attributable to the non-exempt matter or matters.

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- (10) In applying subsection (5)(a) above, any amount that is included in the premium as being referable to tax at the higher rate (whether or not the amount corresponds to the actual amount of tax payable at that rate in respect of the premium) shall be taken to be wholly attributable to the higher rate element.
- (11) Subject to subsections (9) and (10) above, any attribution under subsection (2)(b) or (5)(a) above shall be made on such basis as is just and reasonable.
- (12) For the purposes of this section—
- (a) an “exempt matter” is any matter such that, if it were the only matter for which the contract provided cover, the contract would not be a taxable insurance contract;
 - (b) a “non-exempt matter” is a matter which is not an exempt matter;
 - (c) a “standard rate matter” is any matter such that, if it were the only matter for which the contract provided cover, tax at the standard rate would be chargeable on the chargeable amount;
 - (d) a “higher rate matter” is any matter such that, if it were the only matter for which the contract provided cover, tax at the higher rate would be chargeable on the chargeable amount.
- (13) If the contract relates to a lifeboat and lifeboat equipment, the lifeboat and the equipment shall be taken together in applying this section.
- (14) For the purposes of this section “lifeboat” and “lifeboat equipment” have the same meaning as in paragraph 6 of Schedule 7A to this Act.]

Textual Amendments

F12 S. 69 substituted (19.3.1997) by [1997 c. 16, s. 23\(1\)](#)

F13 S. 69(1A) inserted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, 2(4)

[^{F14}69A Part-exempt contracts: excepted premiums

- (1) Where—
- (a) an insurer at any time (“the relevant time”) receives a premium under a part-exempt contract, and
 - (b) the conditions in subsection (2) are met,
- the chargeable amount in relation to the premium is nil.
- (2) The conditions are that—
- (a) the relevant total is £500,000 or less, and
 - (b) 10% or less of the relevant total is attributable to any non-exempt matter or matters.
- (3) For this purpose “the relevant total” is the total of—
- (a) the amount of the premium,
 - (b) the amount of any other premium received by the insurer under the contract at or before the relevant time, and
 - (c) the amount of any premium that, at the relevant time, the insurer has a present or future right to receive under the contract.

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- (4) In applying subsection (2)(b), any amount that is included in a premium as being referable to tax (whether or not the amount corresponds to the actual amount of tax payable in respect of the premium) shall be taken to be wholly attributable to a non-exempt matter.
- (5) Subject to that, any attribution under subsection (2)(b) is to be made on such basis as is just and reasonable.
- (6) For the purposes of this section—
- (a) an “exempt matter” is any matter such that, if it were the only matter for which the contract provided cover, the contract would not be a taxable insurance contract, and
 - (b) a “non-exempt matter” is a matter which is not an exempt matter.
- (7) In this Part—
- “excepted premium” means a premium under an insurance contract in relation to which, by virtue of subsection (1), the chargeable amount is nil;
 - “part-exempt contract” means an insurance contract that provides—
 - (a) cover for one or more exempt matters, and
 - (b) cover for one or more non-exempt matters.

Textual Amendments

F14 Ss. 69A-69D inserted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, 2(5)

69B Treatment of excepted premiums where limits breached after receipt

- (1) This section applies if—
- (a) an insurer at any time—
 - (i) receives a premium under a part-exempt contract that is not an excepted premium, or
 - (ii) acquires a present or future right to receive a premium under a part-exempt contract that, on receipt, will not be an excepted premium,
 - (b) one or more excepted premiums were previously received by the insurer under the contract, and
 - (c) this section has not already applied in relation to the contract.
- (2) The insurer is deemed for the purposes of this Part to have received, at the time mentioned in subsection (1)(a), premiums under the contract of the same amounts, and attributable to the same matters, as the excepted premiums mentioned in subsection (1)(b).

Textual Amendments

F14 Ss. 69A-69D inserted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, 2(5)

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69C Part-exempt contracts: exemption from requirement to make returns

- (1) If the condition in subsection (2) is met, a registrable person may apply in writing to the Commissioners for an exemption under this section.
- (2) The condition is that the person has not received, and does not expect to receive, at any time after the beginning of a specified accounting period, any premium under a taxable insurance contract that is not an excepted premium.
- (3) In subsection (2) “specified” means specified in the application.
- (4) The application must contain such information as the Commissioners may direct.
- (5) The Commissioners must grant the application unless it appears to them that the condition in subsection (2) is not met.
- (6) Where an exemption has effect the applicant—
 - (a) is exempt from any requirement imposed under section 54 to make returns in relation to the accounting period specified in the application or subsequent accounting periods, and
 - (b) must ensure that any records that the applicant is required to keep by virtue of paragraph 1(1) of Schedule 7 are, so far as they relate to premiums received, kept in a form enabling records relating to excepted premiums to be readily distinguished from records relating to other premiums.

Textual Amendments

F14 Ss. 69A-69D inserted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, **2(5)**

69D Withdrawal of exemption

- (1) The Commissioners may by notice withdraw an exemption if it appears to them that—
 - (a) the condition in section 69C(2) is no longer met, or
 - (b) the person is not keeping, or has not kept, records as required by section 69C(6)(b).
- (2) Where an exemption is withdrawn under subsection (1), the exemption ceases to have effect in relation to the accounting period in which the notice is given and subsequent accounting periods.
- (3) If, during an accounting period in relation to which an exemption has effect, a person receives a premium under a taxable insurance contract that is not an excepted premium, the exemption ceases to have effect in relation to that and subsequent accounting periods.
- (4) References in this section to an exemption are to an exemption granted under section 69C.]

Textual Amendments

F14 Ss. 69A-69D inserted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, **2(5)**

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