



Finance Act 1994

1994 CHAPTER 9

PART III U.K.

INSURANCE PREMIUM TAX

The basic provisions

48 Insurance premium tax. U.K.

- (1) A tax, to be known as insurance premium tax, shall be charged in accordance with this Part.
- (2) The tax shall be under the care and management of the Commissioners of Customs and Excise.

49 Charge to tax. U.K.

Tax shall be charged on the receipt of a premium by an insurer if the premium is received—

- (a) under a taxable insurance contract, and
- (b) on or after 1st October 1994.

50 Chargeable amount. U.K.

- (1) Tax shall be charged by reference to the chargeable amount.
- (2) For the purposes of this Part, the chargeable amount is such amount as, with the addition of the tax chargeable, is equal to the amount of the premium.
- (3) [^{F1}Subsections (1) and (2)] above shall have effect subject to [^{F2}sections 69 and 69A] below.

Changes to legislation: Finance Act 1994, Cross Heading: The basic provisions is up to date with all changes known to be in force on or before 05 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

- F1** Words in s. 23(3) substituted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 23(2)
- F2** Words in s. 50(3) substituted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, 2(2)

[^{F3}51 Rate of tax. **U.K.**

- (1) Tax shall be charged—
- (a) at the higher rate, in the case of a premium which is liable to tax at that rate; and
 - (b) at the standard rate, in any other case.
- (2) For the purposes of this Part—
- (a) the higher rate is [^{F4}20 per cent] .; and
 - (b) the standard rate is [^{F5}12 per cent] .]

Textual Amendments

- F3** S. 51 substituted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 21(1)
- F4** Words in s. 51(2)(a) substituted (27.7.2010 with effect as mentioned in s. 4(2) of the amending Act) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), s. 4(1)(a)
- F5** Words in s. 51(2)(b) substituted (with effect in accordance with s. 17(2)-(5) of the amending Act) by [Finance Act 2017 \(c. 10\)](#), s. 17(1)

[^{F6}51A Premiums liable to tax at the higher rate. **U.K.**

- (1) A premium received under a taxable insurance contract by an insurer is liable to tax at the higher rate if it falls within one or more of the paragraphs of Part II of Schedule 6A to this Act.
- (2) Part I of Schedule 6A to this Act shall have effect with respect to the interpretation of that Schedule.
- (3) Provision may be made by order amending Schedule 6A as it has effect for the time being.
- (4) This section is subject to section 69 below.]

Textual Amendments

- F6** S. 51A inserted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 22(1)

52 Liability to pay tax. **U.K.**

- (1) Tax shall be payable by the person who is the insurer in relation to the contract under which the premium is received.

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- (2) Subsection (1) above shall have effect subject to any regulations made under section 65 below.

[^{F7}52A Certain fees to be treated as premiums under higher rate contracts. U.K.]

- (1) This section applies where—
- (a) at or about the time when a higher rate contract is effected, and
 - (b) in connection with that contract,
- a fee in respect of an insurance-related service is charged by a taxable intermediary to a person who is or becomes the insured (or one of the insured) under the contract or to a person who acts for or on behalf of such a person.
- (2) Where this section applies—
- (a) a payment in respect of the fee shall be treated for the purposes of this Part as a premium received under a taxable insurance contract by an insurer, and
 - (b) that premium—
 - (i) shall be treated for the purposes of this Part as so received at the time when the payment is made, and
 - (ii) shall be chargeable to tax at the higher rate.
- (3) Tax charged by virtue of subsection (2) above shall be payable by the taxable intermediary as if he were the insurer under the contract mentioned in paragraph (a) of that subsection.
- (4) For the purposes of this section, a contract of insurance is a “higher rate contract” if—
- (a) it is a taxable insurance contract; and
 - (b) the whole or any part of a premium received under the contract by the insurer is (apart from this section) liable to tax at the higher rate.
- (5) For the purposes of this Part a “taxable intermediary” is a person falling within subsection (6) [^{F8}or (6A)] below who—
- (a) at or about the time when a higher rate contract is effected, and
 - (b) in connection with that contract,
- charges a fee in respect of an insurance-related service to a person who is or becomes the insured (or one of the insured) under the contract or to a person who acts for or on behalf of such a person.

[A person falls within this subsection if the higher rate contract mentioned in ^{F9}(6) 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—

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- (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.]
- (8) For the purposes of this section, any question whether a person is connected with another shall be determined in accordance with [F10 section 1122 of the Corporation Tax Act 2010] .
- (9) In this section—
 “insurance-related service” means any service which is related to, or connected with, insurance;
 F11 . . .]

Textual Amendments

- F7** s. 52A inserted (19.3.1997 with effect as mentioned in s. 25(2) of the amending Act) by 1997 c. 16, s. 25(1)(2)
- F8** Words in s. 52A(5) inserted (31.7.1998 with effect as mentioned in s. 147(5) of the amending Act) by 1998 c. 36, s. 147(2) (with Sch. 18 para. 6(3))
- F9** S. 52A(6)(6A) substituted for s. 52A(6)(7) (31.7.1998 with effect as mentioned in s. 147(5) of the amending Act) by 1998 c. 36, s. 147(3) (with Sch. 18 para. 6(3))
- F10** Words in s. 52A(8) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 281 (with Sch. 2)
- F11** Definition in s. 52A(9) repealed (31.7.1998 with effect as mentioned in s. 147(5) of the repealing Act) by 1998 c. 36, ss. 147(4), 165, Sch. 27 Pt. V(1), Note (with Sch. 18 para. 6(3))

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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):

- s. 16A(2)(g) inserted by [2023 c. 30 Sch. 13 para. 28](#)
- s. 160(2)-(7) modified by 2010 c. 8 s. 464(6) (as inserted) by [2017 c. 32 Sch. 5 para. 1](#)
- Sch. 5 para. 2(1)(pa) inserted by [S.I. 2022/109 reg. 4](#) (This amendment not applied to [legislation.gov.uk](#). The affecting statutory instrument has no legal effect. It was made under a procedure which meant that it ceased to have effect 28 days after signing unless it was debated and approved in Parliament within that time. It was not debated and approved within 28 days, so it has expired with no effect.)