

Status: Point in time view as at 16/11/2017.

Changes to legislation: Finance Act 1994, SCHEDULE 6A is up to date with all changes known to be in force on or before 20 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)

SCHEDULES

[^{F1}SCHEDULE 6A

Section 51A.

PREMIUMS LIABLE TO TAX AT THE HIGHER RATE

Textual Amendments

- F1** Sch. 6A inserted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 22(3), Sch. 4

PART I

INTERPRETATION

- 1 (1) In this Schedule—
“insurance-related service” means any service which is related to, or connected with, insurance;
“supply” includes all forms of supply; and “supplier” shall be construed accordingly.
- (2) For the purposes of this Schedule, any question whether a person is connected with another shall be determined in accordance with [^{F2}section 1122 of the Corporation Tax Act 2010] .

Textual Amendments

- F2** Words in Sch. 6A para. 1(2) 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. 284 (with Sch. 2)

PART II

DESCRIPTIONS OF PREMIUM

Insurance relating to motor cars or motor cycles

- 2 (1) [^{F3}Subject to paragraph 5, a premium] under a taxable insurance contract relating to a motor car or motor cycle falls within this paragraph if—
(a) the contract is arranged through a person falling within sub-paragraph (2) below, or
(b) the insurer under the contract is a person falling within that sub-paragraph, unless the insurance is provided to the insured free of charge.
- (2) A person falls within this sub-paragraph if—

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- (a) he is a supplier of motor cars or motor cycles;
- (b) he is connected with a supplier of motor cars or motor cycles; or
- (c) he pays—
 - (i) the whole or any part of the premium received under the taxable insurance contract, or
 - (ii) a fee connected with the arranging of that contract,
 to a supplier of motor cars or motor cycles or to a person who is connected with a supplier of motor cars or motor cycles.

[A premium does not fall within this paragraph if it is—

- ^{F4}(2A) (a) payable under a taxable insurance contract relating to a motor car or motor cycle which is supplied by way of sale, and
- (b) attributable to cover of the kind generally known as—
- (i) fully comprehensive,
 - (ii) third party, fire and theft, or
 - (iii) third party.]

- (3) Where a taxable insurance contract relating to a motor car or motor cycle is arranged through a person who is connected with a supplier of motor cars or motor cycles, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to a motor car or motor cycle supplied by a supplier of motor cars or motor cycles with whom that person is connected.
- (4) Where the insurer under a taxable insurance contract relating to a motor car or motor cycle is connected with a supplier of motor cars or motor cycles, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to a motor car or motor cycle supplied by a supplier of motor cars or motor cycles with whom the insurer is connected.
- (5) For the purposes of this paragraph, the cases where insurance is provided to the insured free of charge are those cases where no charge (whether by way of premium or otherwise) is made—
- (a) in respect of the taxable insurance contract, or
 - (b) at or about the time when the taxable insurance contract is made and in connection with that contract, in respect of any insurance-related service,
- by any person falling within sub-paragraph (2) above to any person who is or becomes the insured (or one of the insured) under the contract or to any person who acts, otherwise than in the course of a business, for or on behalf of such a person.
- (6) In this paragraph—
- “motor car” and “motor cycle” have the meaning given—
- (a) by section 185(1) of the ^{M1}Road Traffic Act 1988; or
 - (b) in Northern Ireland, by Article 3(1) of the ^{M2}Road Traffic (Northern Ireland) Order 1995;
- ^{F5}“sale”, in relation to a motor car or motor cycle, means—
- (a) a sale under which title to the motor car or motor cycle passes to the purchaser immediately on purchase, or
 - (b) a sale pursuant to a hire purchase agreement (within the meaning of the Consumer Credit Act 1974) under which it is intended at the outset of

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the agreement that the title to the motor car or motor cycle is to pass to the purchaser, whether on conclusion of the agreement or at the end of a period specified in the agreement.]

“supplier” does not include an insurer who supplies a car or motor cycle as a means of discharging liabilities arising by reason of a claim under an insurance contract.

Textual Amendments

- F3** Words in Sch. 6A para. 2(1) substituted (1.4.2011) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Premium Tax \(Discounted Insurance Premiums: Higher Rate\) Order 2011 \(S.I. 2011/661\)](#), arts. 1(1), **3**
- F4** Sch. 6A para. 2(2A) inserted (1.4.2009) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Premium Tax \(Amendment of Schedule 6A to the Finance Act 1994\) Order 2009 \(S.I. 2009/219\)](#), arts. 1(1), **2(2)**
- F5** Words in Sch. 6A para. 2(6) inserted (1.4.2009) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Premium Tax \(Amendment of Schedule 6A to the Finance Act 1994\) Order 2009 \(S.I. 2009/219\)](#), arts. 1(1), **2(3)**

Marginal Citations

- M1** 1988 c. 52.
M2 S.I. 1995/2994 (N.I. 18).

Insurance relating to domestic appliances etc.

- 3 (1) [^{F6}Subject to paragraph 5, a premium] under a taxable insurance contract relating to relevant goods falls within this paragraph if—
- the contract is arranged through a person falling within sub-paragraph (2) below, or
 - the insurer under the contract is a person falling within that sub-paragraph, unless the insurance is provided to the insured free of charge.
- (2) A person falls within this sub-paragraph if—
- he is a supplier of relevant goods;
 - he is connected with a supplier of relevant goods; or
 - he pays—
 - the whole or any part of the premium received under the taxable insurance contract, or
 - a fee connected with the arranging of that contract,to a supplier of relevant goods or to a person who is connected with a supplier of relevant goods.
- (3) Where a taxable insurance contract relating to relevant goods is arranged through a person who is connected with a supplier of relevant goods, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to relevant goods supplied by a supplier of relevant goods with whom that person is connected.
- (4) Where the insurer under a taxable insurance contract relating to relevant goods is connected with a supplier of relevant goods, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the

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premium is attributable to cover for a risk which relates to relevant goods supplied by a supplier of relevant goods with whom the insurer is connected.

(5) For the purposes of this paragraph, the cases where insurance is provided to the insured free of charge are those cases where no charge (whether by way of premium or otherwise) is made—

- (a) in respect of the taxable insurance contract, or
- (b) at or about the time when the taxable insurance contract is made and in connection with that contract, in respect of any insurance-related service,

by any person falling within sub-paragraph (2) above to any person who is or becomes the insured (or one of the insured) under the contract or to any person who acts, otherwise than in the course of a business, for or on behalf of such a person.

(6) In this paragraph—

“relevant goods” means any electrical or mechanical appliance of a kind—

- (a) which is ordinarily used in or about the home; or
- (b) which is ordinarily owned by private individuals and used by them for the purposes of leisure, amusement or entertainment;

“supplier” does not include an insurer who supplies relevant goods as a means of discharging liabilities arising by reason of a claim under an insurance contract.

(7) In sub-paragraph (6) above—

“appliance” includes any device, equipment or apparatus;

“the home” includes any private garden and any private garage or private workshop appurtenant to a dwelling.

Textual Amendments

- F6** Words in [Sch. 6A para. 3\(1\)](#) substituted (1.4.2011) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Premium Tax \(Discounted Insurance Premiums: Higher Rate\) Order 2011 \(S.I. 2011/661\)](#), arts. 1(1), [3](#)

[^{F7}Insurance provided by divided company

Textual Amendments

- F7** Sch. 6A para. 3A and cross-heading inserted (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), s. [194\(1\)](#) (with s. [194\(2\)](#))

3A (1) A premium under a taxable insurance contract relating to a motor car or motor cycle also falls within paragraph 2 above if—

- (a) the insurance to be provided under the contract is provided by a divided company, and
- (b) any division of that company would, if it were a separate company, be a person connected with a supplier of motor cars or motor cycles.

(2) A premium under a taxable insurance contract relating to relevant goods also falls within paragraph 3 above if—

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- (a) the insurance to be provided under the contract is provided by a divided company, and
 - (b) any division of that company would, if it were a separate company, be a person connected with a supplier of relevant goods.
- (3) Sub-paragraph (1) or (2) above does not apply if the insurance is provided to the insured free of charge.
- (4) A premium falls within paragraph 2 above by virtue of this paragraph only to the extent that it is attributable to cover for a risk which relates to a motor car or motor cycle supplied by a supplier of motor cars or motor cycles with whom the division in question would, if it were a separate company, be connected.
- (5) A premium falls within paragraph 3 above by virtue of this paragraph only to the extent that it is attributable to cover for a risk which relates to relevant goods supplied by a supplier of relevant goods with whom the division would, if it were a separate company, be connected.
- (6) For the purposes of this paragraph—
- (a) a company is a “divided company” if under the law under which the company is formed, under the company’s constitution or under arrangements entered into by or in relation to the company—
 - (i) some or all of the assets of the company are available primarily, or only, to meet particular liabilities of the company, and
 - (ii) some or all of the members of the company, and some or all of its creditors, have rights primarily, or only, in relation to particular assets of the company;
 - (b) a “division” of such a company means an identifiable part of it (by whatever name known) that carries on distinct business activities and to which particular assets and liabilities of the company are primarily or wholly attributable.
- (7) In this paragraph “provided to the insured free of charge” has the meaning given by sub-paragraph (5) of paragraph 2 or 3 above.

In determining for this purpose whether a divided company by whom insurance is provided is a person falling within sub-paragraph (2) of paragraph 2 or 3 above, the company shall be treated as connected with any person with whom a division of that company would be connected if it were a separate company.

- (8) Other expressions defined for the purposes of paragraph 2 or 3 above have the same meaning in this paragraph.]

[^{F8} Travel insurance

Textual Amendments

- F8** Sch. 6A para. 4 and the preceding cross-heading substituted (31.7.1998 with effect as mentioned in s. 146(3)(4) of the amending Act) by 1998 c. 36, s. 146(2) (with Sch. 18 para. 6(3))

- ^{F94} (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—

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- (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—
- (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.]]

Textual Amendments

- F9** Sch. 6A para. 4 substituted (31.7.1998 with effect as mentioned in s. 146(3) of the amending Act) by 1998 c. 36, s. 146(2) (with Sch. 18, para. 6(3))

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*[^{F10}Insurance relating to motor cars, motor cycles,
domestic appliances, etc provided at a discount*

Textual Amendments

F10 Sch. 6A para. 5 inserted (1.4.2011) (with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Premium Tax \(Discounted Insurance Premiums: Higher Rate\) Order 2011 \(S.I. 2011/661\)](#), arts. 1(1), 4

5. (1) This paragraph applies where (apart from this paragraph) a premium would fall within paragraph 2 or 3 but the insurance is provided to the insured at less than its full cost.
- (2) For the purposes of this paragraph the cases where the insurance is provided to the insured at less than its full cost are those cases where the amount charged in respect of the taxable insurance contract by any person falling within sub-paragraph (2) of paragraph 2 or 3 to any person who is or becomes the insured under the contract is less than the premium.
- (3) Only so much of the premium as does not exceed the amount charged falls within paragraph 2 or 3.]

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