

Changes to legislation: Finance Act 1994, Paragraph 2 is up to date with all changes known to be in force on or before 26 May 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

SCHEDULES

[^{F1}SCHEDULE 6A

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 II

DESCRIPTIONS OF PREMIUM

Insurance relating to motor cars or motor cycles

- 2 (1) [^{F2}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—
- (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—

^{F3}(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

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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;
- [^{F4}“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 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

- F2** 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**
- F3** [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)**
- F4** 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)**

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Marginal Citations

M1 1988 c. 52.

M2 S.I. 1995/2994 (N.I. 18).

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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.)