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SCHEDULES

[^{F1}SCHEDULE 7A

INSURANCE PREMIUM TAX: CONTRACTS THAT ARE NOT TAXABLE

Textual Amendments

F1 Sch. 7A inserted (1.10.1994) by S.I. 1994/1698, art. 5

PART I

DESCRIPTIONS OF CONTRACT

Contracts of reinsurance

1 A contract falls within this paragraph if it is a contract of reinsurance.

Contracts constituting long term business

2 (1) [^{F2}Subject to sub-paragraph (3) below, a contract falls]] within this paragraph [^{F3}if it is exclusively a contract of long-term insurance.]

[^{F4}(2) In deciding whether a contract is exclusively a contract of long-term insurance, as is mentioned in sub-paragraph (1) above, where—

- (a) the contract includes cover for risks relating to accident or sickness;
- (b) the contract contains related and subsidiary provisions such that it might also be regarded as a contract of general insurance, but is treated as a contract of long-term insurance for the purposes of any relevant order made under section 22 of the Financial Services and Markets Act 2000; and
- (c) the contract was not entered into after 30th November 1993,

the inclusion of such cover shall be ignored.]

[^{F5}(3) A contract which would otherwise fall within this paragraph does not do so if it is for medical insurance.

(4) Subject to sub-paragraph (5) below, for the purposes of this paragraph a contract is a contract for medical insurance if it provides one or more of the following benefits, whether or not their provision is subject to conditions or limitations—

- (a) medical, dental or optical, consultation, diagnosis or treatment;
- (b) alternative or complementary medical treatment or therapy;
- (c) convalescent care;
- (d) goods or services related to any of the above;
- (e) payment or reimbursement of, or a grant towards, the whole or part of the cost of any of the above;

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- (f) payment of a specified sum for optical, dental or medical appointments;
 - (g) payment of a specified sum for each specified period of treatment as a hospital in-patient;
 - (h) payment of a specified sum for each specified period of convalescent care; or
 - (i) payment of a specified sum, except one to which sub-paragraph (6) below applies, when a person is diagnosed as requiring or has undergone a specified medical procedure.
- (5) A benefit which would apart from this sub-paragraph fall within sub-paragraph (4) above shall not do so if, before he can become entitled to the benefit, the insured is required—
- (a) to be suffering from a disability which so impairs his ability to carry out normal activities of daily living that he requires long term care, supervision or assistance; and
 - (b) to have been suffering from the disability for a continuous period of not less than 4 weeks.
- (6) This sub-paragraph applies to a payment of a specified sum if the contract under which it is payable provides that only one such payment in relation to each specified medical procedure will be made in respect of each person in relation to whom benefit is payable under the contract.]

Textual Amendments

- F2** Words in Sch. 7A para. 2(1) substituted (1.10.1997) by [S.I. 1997/1627, art. 2\(a\)](#)
- F3** Words in Sch. 7A para. 2(1) substituted (1.12.2001) by [S.I. 2001/3649, arts. 1, 346\(2\)](#)
- F4** Sch. 7A, para. 2(2) substituted (1.12.2001) by [S.I. 2001/3649, arts. 1, 346\(3\)](#)
- F5** Sch. 7A para. 2(3)-(6) inserted (1.10.1997) by [S.I. 1997/1627, art. 2\(b\)](#)

Contracts relating to motor vehicles for use by handicapped persons

- 3 (1) A contract falls within this paragraph if it relates only to a motor vehicle and the conditions mentioned in sub-paragraph (2) below are satisfied.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the vehicle is used, or intended for use, by a handicapped person in receipt of a disability living allowance by virtue of entitlement to the mobility component or of a mobility supplement;
 - (b) the insured lets such vehicles on hire to such persons in the course of a business consisting predominantly of the provision of motor vehicles to such persons; and
 - (c) the insured does not in the course of the business let such vehicles on hire to such persons on terms other than qualifying terms.
- (3) For the purposes of sub-paragraph (2)(c) above a vehicle is let on qualifying terms to a person (the lessee) if the consideration for the letting consists wholly or partly of sums paid to the insured by—
- [^{F6}(a) the Department for Work and Pensions;]
 - (b) the Department of Health and Social Services for Northern Ireland; or
 - (c) the Ministry of Defence,

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on behalf of the lessee in respect of the disability living allowance or mobility supplement to which the lessee is entitled.

- (4) For the purposes of this paragraph—
- (a) “handicapped” means chronically sick or disabled;
 - (b) “disability living allowance” means a disability living allowance within the meaning of section 71 of the Social Security Contributions and Benefits Act 1992 ^{M1} or section 71 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 ^{M2};
 - (c) “mobility supplement” means a mobility supplement within the meaning of article 26A of the Naval, Military and Air Forces etc. (Disablement and Death) Service Pensions Order 1983 ^{M3}, article 25A of the Personal Injuries (Civilians) Scheme 1983 ^{M4}, article 3 of the Motor Vehicles (Exemption from Vehicles Excise Duty) Order 1985 ^{M5} or article 3 of the Motor Vehicles (Exemption from Vehicles Excise Duty) (Northern Ireland) Order 1985 ^{M6}.

Textual Amendments

- F6** Sch. 7A para. 3(3)(a) substituted (27.6.2002) by [The Secretaries of State for Education and Skills and for Work and Pensions Order 2002 \(S.I. 2002/1397\)](#), art. 12, **Sch. para. 10**

Marginal Citations

- M1** 1992 c.4.
M2 1992 c.7.
M3 [S.I. 1983/883](#); article 26A was inserted by [S.I. 1983/1116](#), and has been amended by [S.I. 1983/1521](#), [1986/592](#) and [1990/1308](#).
M4 [S.I. 1983/686](#); article 25A was inserted by [S.I. 1983/1164](#), and has been amended by [S.I. 1983/1540](#), [1986/628](#), [1990/1300](#) and [1992/702](#).
M5 [S.I. 1985/722](#).
M6 [S.I. 1985/723](#).

Contracts relating to commercial ships

- 4 (1) A contract falls within this paragraph if it relates only to a commercial ship and is [^{F7}a contract of general insurance of a relevant class.]
- [^{F8}(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
- (a) accidents,
 - (b) ships, or
 - (c) liabilities of ships,
- (and no other risks).]
- (3) For the purposes of this paragraph a commercial ship is a ship which is—
- (a) of a gross tonnage of 15 tons or more; and
 - (b) not designed or adapted for use for recreation or pleasure.

Textual Amendments

- F7** Words in Sch. 7A para. 4(1) substituted (1.12.2001) by [S.I. 2001/3649](#), **arts. 1, 346(4)(a)**

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F8 Sch. 7A para. 4(2) substituted (1.12.2001) by S.I. 2001/3649, art. 346(4)(b)

Contracts relating to lifeboats and lifeboat equipment

- 5 (1) A contract falls within this paragraph if it relates only to a lifeboat and is ^[F9]a contract of general insurance of a relevant class.]
- ^[F10](2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
- (a) accidents,
 - (b) ships, or
 - (c) liabilities of ships,
- (and no other risks).]
- (3) For the purposes of this paragraph a lifeboat is a vessel used or to be used solely for rescue or assistance at sea.

Textual Amendments

F9 Words in Sch. 7A para. 5(1) substituted (1.12.2001) by 2001/3649, art. 346(5)(a)

F10 Sch. 7A para. 5(2) substituted (1.12.2001) by S.I. 2001/3649, art. 346(5)(b)

- 6 (1) A contract falls within this paragraph if it relates only to a lifeboat and lifeboat equipment and is such that, if it related only to a lifeboat, it would fall within paragraph 5 above.
- (2) In deciding whether a contract relates to lifeboat equipment the nature of the risks concerned is immaterial, and they may (for example) be risks of dying or sustaining injury or of loss or damage.
- (3) For the purposes of this paragraph—
- (a) “lifeboat” has the meaning given by paragraph 5(3) above; and
 - (b) “lifeboat equipment” means anything used or to be used solely in connection with a lifeboat.

Contracts relating to commercial aircraft

- 7 (1) A contract falls within this paragraph if it relates only to a commercial aircraft and is ^[F11]a contract of general insurance of a relevant class.]
- ^[F12](2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
- (a) accidents,
 - (b) aircraft, or
 - (c) aircraft liability,
- (and no other risks).]
- (3) For the purposes of this paragraph a commercial aircraft is an aircraft which is—
- (a) of a weight of 8,000 kilogrammes or more; and
 - (b) not designed or adapted for use for recreation or pleasure.

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Textual Amendments

- F11** Words in Sch. 7A para. 7(1) substituted (1.12.2001) by S.I. 2001/3649, art. 346(6)(a)
F12 Sch. 7A para. 7(2) substituted (1.12.2001) by S.I. 2001/3649, art. 346(6)(b)

Contracts relating to risks outside the United Kingdom

- 8 (1) A contract falls within this paragraph if it relates only to a risk which is situated outside the United Kingdom.
- [^{F13}(2) The question of whether a risk is situated in the United Kingdom shall be determined in accordance with regulations made under section 424(3) of the Financial Services and Markets Act 2000; but in determining that question as respects a contract which relates to a building it shall be irrelevant whether or not the contract also covers the contents of the building.]

Textual Amendments

- F13** Sch. 7A para. 8(2) substituted (1.12.2001) by S.I. 2001/3649, art. 346(7)(a)

Contracts relating to foreign or international railway rolling stock

- 9 (1) A contract falls within this paragraph if it relates only to foreign or international railway rolling stock and is [^{F14}a contract of general insurance of a relevant class.]
- [^{F15}(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
- (a) railway rolling stock, or
 - (b) general liability to third parties,
- (and no other risks).]
- (3) For the purposes of this paragraph foreign or international railway rolling stock is railway rolling stock used principally for journeys taking place wholly or partly outside the United Kingdom.

Textual Amendments

- F14** Words in Sch. 7A para. 9(1) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 346(8)(a)
F15 Sch. 7A para. 9(2) substituted (1.12.2001) by S.I. 2001/3649, arts. 1, 346(8)(b)

Contracts relating to the Channel tunnel

- 10 (1) A contract falls within this paragraph if it relates only to the Channel tunnel system and is [^{F16}a contract of general insurance of a relevant class.]
- [^{F17}(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
- (a) fire or natural forces,
 - (b) damage to property, or
 - (c) general liability to third parties,

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(and no other risks).]

- (3) For the purposes of this paragraph “the Channel tunnel system” means—
- (a) the tunnels described in section 1(7)(a) of the Channel Tunnel Act 1987;
 - (b) the control towers situated in the terminal areas described in section 1(7)(b) of that Act; and
 - (c) the shuttle crossovers, wherever situated.

Textual Amendments

F16 Words in Sch. 7A para. 10(1) substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1, 346\(9\)\(a\)](#)

F17 Sch. 7A para. 10(2) substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1, 346\(9\)\(b\)](#)

- 11 (1) A contract falls within this paragraph if it relates only to relevant Channel tunnel equipment and is [^{F18}a contract of general insurance of a relevant class.]
- [^{F19}(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
- (a) fire or natural forces,
 - (b) damage to property, or
 - (c) general liability to third parties,
- (and no other risks).]
- (3) For the purposes of this paragraph “the Channel tunnel system” has the meaning given by paragraph 10(3) above.
- (4) For the purposes of this paragraph “relevant Channel tunnel equipment” means, subject to sub-paragraph (5) below, the fixed or movable equipment needed for the operation of the Channel tunnel system or for the operation of trains through any tunnel forming part of it and in particular includes—
- (a) any ventilation, cooling or electrical plant used or to be used in connection with any such operation; and
 - (b) any safety, signalling and control equipment which is or is to be so used.
- (5) Equipment which consists of or forms part of—
- (a) roads, bridges, platforms, ticket offices and other facilities for the use of passengers or motor vehicles;
 - (b) administrative buildings and maintenance facilities; and
 - (c) railway track or signalling equipment which is not situated in any part of the Channel tunnel system,
- is not relevant Channel tunnel equipment for the purposes of this paragraph.

Textual Amendments

F18 Words in Sch. 7A para. 11(1) substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1, 346\(10\)\(a\)](#)

F19 Sch. 7A para. 11(2) substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1, 346\(10\)\(b\)](#)

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Contracts relating to goods in foreign or international transit

- 12 (1) A contract falls within this paragraph if it relates only to loss of or damage to goods in foreign or international transit and the insured enters into the contract in the course of a business carried on by him.
- (2) For the purposes of this paragraph goods in foreign or international transit are goods in transit, and any container in which they are carried, where their carriage—
- (a) begins and ends outside the United Kingdom;
 - (b) begins outside but ends in the United Kingdom; or
 - (c) ends outside but begins in the United Kingdom.
- (3) For the purposes of sub-paragraph (2) above “container” has the same meaning as in regulation 38(3) of the Value Added Tax (General) Regulations 1985 ^{M7}.

Marginal Citations

M7 [S.I. 1985/886](#).

Contracts relating to credit

- 13 (1) A contract falls within this paragraph if it relates only to credit granted in relation to goods or services supplied under a relevant contract by a person carrying on business in the United Kingdom.
- (2) For the purposes of this paragraph a relevant contract is—
- (a) a contract to make a relevant supply of goods, or a supply of services, or both, to an overseas customer;
 - (b) a contract to supply goods to a person who is to—
 - (i) export those goods; or
 - (ii) incorporate those goods in other goods which he is to export, where the condition mentioned in sub-paragraph (3) below is satisfied;
 - (c) a contract to supply to a person who is to export goods services consisting of the valuation or testing of, or other work carried out on, those goods where the condition mentioned in sub-paragraph (3) below is satisfied;
 - (d) a contract to supply services to a person in order that he may comply with a legally binding obligation to make a supply of services to an overseas customer.
- (3) The condition referred to in sub-paragraph (2)(b) and (c) above is that the goods to be exported are to be exported in order that the person exporting them may comply with a legally binding obligation to make a relevant supply of goods to an overseas customer.
- (4) For the purposes of this paragraph—
- (a) “export” means export from the United Kingdom and cognate expressions shall be construed accordingly; and
 - (b) any reference to a person who is to export goods shall be taken as including a reference to a person at whose direction the insured is to export them and the reference in sub-paragraph (3) above to the person exporting goods shall be construed accordingly.

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- (5) Where a contract relates to—
- (a) credit of the description in sub-paragraph (1) above; and
 - (b) loss resulting from the insured or any third party being required to pay the amount of any bond or guarantee against non-performance by the insured of the contract which involves him making the supply,
- the contract shall be treated for the purposes of sub-paragraph (1) above as if it did not relate to loss of the description in paragraph (b) above.

Contracts relating to exchange losses

- 14 (1) A contract falls within this paragraph if—
- (a) it relates only to loss resulting from a change in the rate at which the price for a supply which is or may be made by the insured may be exchanged for another currency; and
 - (b) the conditions mentioned in sub-paragraph (2) below are satisfied.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the insured is a person carrying on business in the United Kingdom;
 - (b) the contract of insurance concerns a contract to make a relevant supply of goods, or a supply of services, or both, to an overseas customer (whether or not the contract to make the supply is one into which the insured has entered, or one for which he has tendered or intends to tender); and
 - (c) the period of cover for the risk expires no later than the date by which the whole of the price for the supply is to be paid or, where the contract has not been entered into, would be required to be paid.
- (3) Where the contract relates to—
- (a) loss of the description in sub-paragraph (1)(a) above; and
 - (b) loss relating from a change in the rate at which the price of goods which the insured imports into the United Kingdom for the purpose of enabling him to make the supply concerned may be exchanged for another currency,
- the contract shall be treated for the purposes of sub-paragraphs (1) and (2) above as if it did not relate to loss of the description in paragraph (b) above.

Contracts relating to the provision of financial facilities

- 15 (1) A contract falls within this paragraph if it relates only to the provision of a relevant financial facility and the conditions mentioned in sub-paragraph (2) below are satisfied.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the person to whom the relevant financial facility is provided is an overseas customer;
 - (b) it is provided in order that he may comply with a legally binding obligation to receive a relevant supply of goods, or a supply of services, or both, from a person carrying on business^{F20} . . .; and
 - [^{F21}(c) the contract of insurance insures against risks arising from or in relation to either or both—
 - (i) credit,
 - (ii) suretyship.]

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- (3) For the purposes of this paragraph a relevant financial facility is—
- (a) the making of an advance;
 - (b) the issue of a letter of credit or acceptance of a bill of exchange;
 - (c) the giving of a guarantee or bond; or
 - (d) any other similar transaction entered into in order to provide a customer with the means to pay, or a supplier with the right to call upon a third party for, the consideration for goods or services.

Textual Amendments

F20 Words in Sch. 7A para. 15(2)(b) omitted (1.1.1997) by virtue of [S.I. 1996/2955](#), [art. 2](#)

F21 Sch. 7A para. 15(2)(c) substituted (1.12.2001) by [S.I. 2001/3649](#), [arts. 1, 346\(11\)](#)

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