



Finance Act 1994

1994 CHAPTER 9

PART III

INSURANCE PREMIUM TAX

Supplementary

72 Interpretation: premium

- (1) In relation to a taxable insurance contract, a premium is any payment received under the contract by the insurer, and in particular includes any payment wholly or partly referable to—
 - (a) any risk,
 - (b) costs of administration,
 - (c) commission,
 - (d) any facility for paying in instalments or making deferred payment (whether or not payment for the facility is called interest), or
 - (e) tax.
- (2) A premium may consist wholly or partly of anything other than money, and references to payment in subsection (1) above shall be construed accordingly.
- (3) Where a premium is to any extent received in a form other than money, its amount shall be taken to be—
 - (a) an amount equal to the value of whatever is received in a form other than money, or
 - (b) if money is also received, the aggregate of the amount found under paragraph (a) above and the amount received in the form of money.
- (4) The value to be taken for the purposes of subsection (3) above is open market value at the time of the receipt by the insurer.

Status: This is the original version (as it was originally enacted).

- (5) The open market value of anything at any time shall be taken to be an amount equal to such consideration in money as would be payable on a sale of it at that time to a person standing in no such relationship with any person as would affect that consideration.
- (6) Where (apart from this subsection) anything received under a contract by the insurer would be taken to be an instalment of a premium, it shall be taken to be a separate premium.
- (7) Where anything is received by any person on behalf of the insurer—
- (a) it shall be treated as received by the insurer when it is received by the other person, and
 - (b) the later receipt of the whole or any part of it by the insurer shall be disregarded.
- (8) In a case where—
- (a) a payment under a taxable insurance contract is made to a person (the intermediary) by or on behalf of the insured, and
 - (b) the whole or part of the payment is referable to commission to which the intermediary is entitled,
- in determining for the purposes of subsection (7) above whether, or how much of, the payment is received by the intermediary on behalf of the insurer any of the payment that is referable to that commission shall be regarded as received by the intermediary on behalf of the insurer notwithstanding the intermediary's entitlement.
- (9) References in subsection (8) above to a payment include references to a payment in a form other than money.
- (10) This section has effect for the purposes of this Part.