
STATUTORY INSTRUMENTS

1994 No. 1518

INCOME TAX

The Private Medical Insurance (Disentitlement to Tax Relief and Approved Benefits) Regulations 1994

<i>Made</i>	- - - -	<i>8th June 1994</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th June 1994</i>
<i>Coming into force</i>	- -	<i>1st July 1994</i>

The Treasury, in exercise of the powers conferred on them by sections 54(7) and (8), 55(2A) and 56(3) of the Finance Act 1989⁽¹⁾, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Private Medical Insurance (Disentitlement to Tax Relief and Approved Benefits) Regulations 1994 and shall come into force on 1st July 1994.

Interpretation

2. In these Regulations unless the context otherwise requires—

“the Board” means the Commissioners of Inland Revenue;

“contract” means a contract of private medical insurance;

“hospital” means—

- (a) any institution for the reception and treatment of persons suffering from illness;
- (b) any maternity home; or
- (c) any institution for the reception and treatment of persons during convalescence or of persons requiring medical rehabilitation;

and includes clinics, dispensaries and out-patient departments maintained in connection with any such home or institution;

“indemnity period” means the period, not exceeding one year, for which indemnity is provided under a contract;

“the insured” means any person insured under a contract;

(1) 1989 c. 26; subsection (2A) of section 55 was inserted by paragraph 5(4) of Schedule 10 to the Finance Act 1994 (c. 9).

“registered dental practitioner”—

- (a) in the United Kingdom, means a person registered in the dentists register under the Dentists Act 1984(2), and
- (b) in a territory other than the United Kingdom, means a dental practitioner recognised as such by the law of that territory;

“registered medical practitioner”—

- (a) in the United Kingdom, means a registered medical practitioner within the meaning of Schedule 1 to the Interpretation Act 1978(3), and
- (b) in a territory other than the United Kingdom, means a medical practitioner recognised as such by the law of that territory;

“section 54” and “section 55” mean sections 54 and 55 respectively of the Finance Act 1989(4).

Circumstances of disentitlement to tax relief

3.—(1) In the circumstances prescribed by paragraph (2) below, an individual who has made a payment in respect of a premium under a contract shall cease to be, and shall be treated as not having been, entitled to relief under subsection (3) of section 54 in respect of that payment.

(2) The circumstances prescribed by this paragraph are where—

- (a) at any time after the payment is made the contract is no longer an eligible contract for the purposes of section 54; or
 - (b) the payment is refunded to the individual by the person to whom it was made.
- (3) In paragraph (2) above, “eligible contract” has the meaning given by section 55.

Recovery of tax from payee of premium

4.—(1) In the circumstances prescribed by paragraph (2) below, the person to whom a payment in respect of a premium under a contract was made by an individual, who by virtue of regulation 3 has ceased to be and is treated as not having been entitled to relief in respect of that payment, shall account to the Board for tax from which relief has been given on the basis that the individual was so entitled.

(2) The circumstances prescribed by this paragraph are where—

- (a) the person to whom the payment was made has recovered from the Board an amount equal to an amount deducted and retained by the individual from that payment in accordance with subsection (5) of section 54; and
- (b) that amount has not been repaid to the Board.

Adaptation of section 30 of the Taxes Management Act 1970

5.—(1) In order to secure the performance of the obligation imposed by regulation 4, section 30 of the Taxes Management Act 1970(5) shall be adapted so that it applies to the tax for which a person

(2) 1984 c. 24.

(3) 1978 c. 30; the definition of “registered medical practitioner” in Schedule 1 was amended by section 56(1) of, and paragraph 18 of Schedule 5 to, the Medical Act 1983 (c. 54).

(4) Section 54 was amended by paragraphs 2 and 4 of Schedule 10 to the Finance Act 1994, and section 55 was amended by paragraph 5 of Schedule 10 to the Finance Act 1994.

(5) 1970 c. 9; section 30 was substituted by section 149 of the Finance Act 1982 (c. 39) and the section as substituted was amended by section 88(1) to (4) of the Finance (No. 2) Act 1987 (c. 51), paragraphs 10(3) and 32 of Schedule 29 to the Income and Corporation Taxes Act 1988 (c. 1), section 149(3)(a) of the Finance Act 1989, section 105 of the Finance Act 1990 (c. 29) and paragraph 2(6) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12), and (prospectively) by paragraph 4 of Schedule 19 to the Finance Act 1994.

to whom a payment has been made is to account to the Board in accordance with that regulation as it applies to tax which has been repaid to a person which ought not to have been repaid to him.

(2) For the purposes of the adaptation required by paragraph (1) above, any reference in the said section 30 to the repayment of an amount of tax to any person which ought not to have been repaid to him shall be construed as including a reference to tax for which a person is to account to the Board in accordance with regulation 4.

Approved treatments and associated services

6.—(1) Subject to paragraph (5) below, the treatments, medical services and other matters the costs of which may, in the circumstances specified in paragraph (4) below, be indemnified under a contract are those specified in paragraph (2) below.

- (2) The treatments, medical services and other matters specified in this paragraph are—
- (a) treatment of the insured consisting of medical or surgical procedures (including diagnosis), the purpose of which is the relief of illness or injury,
 - (b) services provided to the insured of any of the kinds specified in paragraph (3) below when they are associated with such treatment, and
 - (c) drugs and dressings used in the course of such procedures or services.
- (3) The kinds of services specified in this paragraph are—
- (a) accommodation and other services (including nursing services) provided in a hospital where the insured is accommodated;
 - (b) nursing services provided in the insured's home;
 - (c) accommodation provided for the purposes of convalescence for a period of not more than 14 days immediately following the discharge of the insured from a hospital where the insured has been accommodated;
 - (d) transport by private ambulance (including transport of one other person where medically necessary)—
 - (i) to or from a hospital where the insured is or has been accommodated, or
 - (ii) to or from a place where accommodation is provided for the purposes of convalescence;
 - (e) services consisting of—
 - (i) physiotherapy,
 - (ii) occupational therapy,
 - (iii) speech therapy,
 - (iv) chiropody and podiatry,
 - (v) prosthesis, and
 - (vi) orthoptics,including the provision of any equipment necessary for such services.
- (4) The circumstances specified in this paragraph are where—
- (a) treatment is given to the insured in a hospital as a resident or non-resident private patient by, or under the supervision of, a registered medical practitioner or registered dental practitioner, or
 - (b) treatment consisting of surgical procedures performed by a registered medical practitioner providing personal medical services for persons in a particular locality is given to the insured as a private patient of that practitioner, or

- (c) services consisting of physiotherapy including the provision of any equipment necessary for physiotherapy are provided to the insured and are associated with treatment given to the insured by or under the supervision of a registered medical practitioner.

(5) The treatments specified in this regulation do not include any treatment which, during the period of five years preceding the date the contract was entered into, has not been provided free by the Secretary of State under the National Health Service Act 1977⁽⁶⁾ or the National Health Service (Scotland) Act 1978⁽⁷⁾, or by the Department of Health and Social Services for Northern Ireland under the Health and Personal Social Services (Northern Ireland) Order 1972⁽⁸⁾, more often than it has been provided in the United Kingdom otherwise than under any of those enactments.

(6) For the purposes of this regulation—

- (a) a service is associated with treatment if it is provided for the purposes of that treatment or is consequent upon it;
- (b) references, however expressed, to the insured being accommodated in a hospital are references to the insured—
 - (i) being accommodated in a hospital as a private patient in circumstances where he is charged for the accommodation, or
 - (ii) being provided with treatment or services as a private patient in a hospital in circumstances where he is charged for the treatment or services;
- (c) transport by private ambulance includes transport by air ambulance.

(7) In paragraphs (4) and (6) above “treatment” shall be construed in accordance with paragraph (2)(a) above, and in paragraph (6)(b)(ii) above “services” shall be construed in accordance with paragraph (2)(b) above.

Cash benefits

7.—(1) The rules within which a cash benefit provided under a contract is to fall are those specified in paragraph (2) below.

(2) The rules specified in this paragraph are that the benefit may not exceed £5 for each night that the insured is accommodated in a hospital as a private patient in circumstances where he is charged for the accommodation.

Other rights

8.—(1) The other rights specified in this regulation which may be conferred by a contract are—

- (a) a right in the person making payments in respect of a premium under the contract to terminate the contract before the expiry of the indemnity period and to receive a refund of payments made in respect of the period following termination;
- (b) waiver by the insurer of the right to payment of a premium for any period in which the insured is receiving treatment the cost of which is indemnified under the contract;
- (c) a right in the person making payments in respect of a premium under the contract to receive a refund of payments made in respect of such a period as is referred to in paragraph (b) above; and
- (d) a right in the person making payments in respect of a premium under the contract to enter into a further contract at the end of the indemnity period.

⁽⁶⁾ 1977 c. 49.

⁽⁷⁾ 1978 c. 29.

⁽⁸⁾ S.I. 1972/1265 (N.I. 14).

(2) In paragraph (1)(b) above “treatment” shall be construed in accordance with regulation 6(2)(a) above.

Revocations

9.—(1) The Private Medical Insurance (Disentitlement to Tax Relief and Approved Benefits) Regulations 1989⁽⁹⁾ and the Private Medical Insurance (Disentitlement to Tax Relief and Approved Benefits) (Amendment) Regulations 1992⁽¹⁰⁾ are hereby revoked.

(2) Anything whatsoever begun under any regulation revoked by these Regulations may be continued under these Regulations as if begun under these Regulations.

8th June 1994

Tim Wood
Andrew Mackay
Two of the Lords Commissioners of Her
Majesty’s Treasury

⁽⁹⁾ S.I. 1989/2389.
⁽¹⁰⁾ S.I. 1992/1619.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations replace the Private Medical Insurance (Disentitlement to Tax Relief and Approved Benefits) Regulations 1989 (S.I. 1989/2389) and the Private Medical Insurance (Disentitlement to Tax Relief and Approved Benefits) (Amendment) Regulations 1992 (S.I. 1992/1619) (“the 1989 and the 1992 Regulations”) with effect from 1st July 1994.

The Regulations first provide that in certain circumstances an individual making a premium payment under a contract of private medical insurance is to have his entitlement to tax relief on that payment removed, specify those circumstances, provide for the circumstances in which tax for which relief has been given at source may be recovered from the person to whom the payment was made, and make provision for the adaptation of section 30 of the Taxes Management Act 1970 in order to secure that recovery by way of assessment.

Secondly, the Regulations specify the approved benefits which may be provided by contracts of private medical insurance for those contracts to qualify as eligible contracts for the purposes of tax relief.

Regulation 1 provides for citation and commencement, and regulation 2 contains definitions.

Regulation 3 provides that a person making a premium payment under a contract of private medical insurance will have his entitlement to tax relief for that payment removed if the contract ceases to be an eligible contract for the purposes of the relief or if the payment is refunded to him.

Regulation 4 provides for the recovery of that tax relief from the person to whom the premium payment was made in circumstances where that person has recovered the relief from the Commissioners of Inland Revenue and has not reimbursed them following the removal of entitlement to relief for that payment.

Regulation 5 adapts the provisions of section 30 of the Taxes Management Act 1970 providing for the recovery of overpayments of tax by way of assessment under Case VI of Schedule D so that they apply in the same way to the recovery of tax relief under regulation 4.

Regulation 6 specifies the treatments, medical services and other matters, the costs of which may be indemnified under a contract of private medical insurance in order for the contract to qualify as an eligible contract for the purposes of the relief.

Regulation 7 specifies the rules for cash benefits provided under such contracts and regulation 8 specifies the other rights which may be conferred by such contracts.

Regulation 9 revokes the 1989 and the 1992 Regulations, and provides that anything begun under any regulation revoked by these Regulations may be continued under these Regulations.