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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends paragraph 2 of Schedule 6A to the Finance Act 1994 (“the 1994 Act”), so as to exclude from the charge to Higher Rate Insurance Premium Tax premiums paid under an insurance policy that is of a type generally known as either fully comprehensive, third party (fire and theft) or third party, in cases where the insurance policy is provided in respect of a motor car or motor cycle at the same time as the vehicle is supplied by way of sale.

Insurance premium tax is payable at the Higher Rate on insurance relating to motor cars and motor cycles (when the insurance is provided at the same time as the supply of the vehicle by the person who supplied the vehicle, or who is connected with the person who supplied the vehicle).

This Order replicates the effect of ESC 4.3 (IPT: insurance relating to motor cars and motor cycles) of Notice 48 “Extra Statutory Concessions” published by Her Majesty’s Customs and Excise in March 2002 and available at <http://www.hmrc.gov.uk/thelibrary/esc.htm>.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.