

EXPLANATORY MEMORANDUM TO
THE INSURANCE PREMIUM TAX (AMENDMENT) REGULATIONS 2023
2023 No. 827

1. Introduction

- 1.1 This explanatory memorandum has been prepared by His Majesty’s Revenue and Customs (HMRC) and is laid before the House of Commons by Command of His Majesty.

2. Purpose of the instrument

- 2.1 The purpose of this instrument is to remove forms used in the administration of Insurance Premium Tax (IPT) from secondary legislation so that they may be placed into a public notice, in order that changes to the forms can be made more efficiently, benefitting both HMRC and businesses.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments.

- 3.1 None.

4. Extent and Territorial Application

- 4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 Part 3 of the Finance Act 1994 (“Part 3”) makes provision in relation to the charge to insurance premium tax, and the Insurance Premium Tax Regulations (S.I. 1994/1774) (“the IPT Regulations”) make further provision in relation to the administration of the scheme. Section 74 in Part 3 makes provision in relation to order- and regulation-making powers in Part 3 and was most recently amended by section 337 of the Finance (No. 2) Act 2023, which inserted a new subsection (6A) into section 74, permitting existing regulation-making powers in Part 3 about the form, manner and information to be provided in notifications to HMRC, to do so by reference to a notice published by HMRC from time to time.
- 6.2 This instrument is made in exercise of the powers in sections 53(6), 53AA(8), 53A(2) and 74(6A) and (8) in Part 3, to omit the Schedule containing 6 IPT forms relating to the administration of IPT from the IPT regulations and to ensure all references to forms in the IPT Regulations refer to forms specified in a notice published by HMRC Commissioners from time to time.

7. Policy background

What is being done and why?

- 7.1 Currently, IPT registration and returns forms are specified within legislation. Each change to the forms requires legislation to be introduced, which is administratively burdensome for HMRC.
- 7.2 An IPT consultation, launched on 5 November 2020, suggested policy proposals intended to prevent unfair outcomes and improve the administration of the tax for both the industry and HMRC. The consultation closed on 5 February 2021.
- 7.3 As part of the consultation, HMRC proposed a minor administrative change, to remove the IPT registration and return forms from secondary legislation and put them in a public notice.
- 7.4 The government's response to the consultation was published on Tax Administration and Maintenance Day on 30 November 2021. This announced the government's commitment to remove the IPT forms from secondary legislation, amongst other proposals.
- 7.5 This administrative facilitation will improve efficiency, enabling HMRC to amend IPT forms without the need to legislate, and to prepare for any future digitisation in line with wider government strategy. This will ensure that HMRC will be able to respond more quickly when changes to the forms are required.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 No consolidation is required for this instrument.

10. Consultation outcome

- 10.1 The insurance industry was notified of the proposal to remove the IPT forms from secondary legislation and place them into a public notice during the IPT consultation which took place between 5 November 2020 and 5 February 2021. The industry has been supportive of the proposed change during joint meetings with HMRC.

11. Guidance

- 11.1 The IPT notice will be updated to include the forms.
- 11.2 Guidance on IPT notice is available at:
<https://www.gov.uk/government/publications/notice-ipt-1-insurance-premium-tax/notice-ipt1-insurance-premium-tax>.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities, or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.

12.3 A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 As a safeguard, the industry will be consulted before any major changes to the forms are considered. We will monitor any changes post implementation through ongoing meetings with industry.

14.2 The instrument does not include a statutory review clause because the legislation relates to tax, and therefore meets the requirements of the exemption set out in section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015.

15. Contact

15.1 Louisa Bernard at HMRC can be contacted with any queries regarding the instrument, via telephone: 0300 059 3678 or email: louisa.bernard@hmrc.gov.uk.

15.2 Ian Broadhurst, Deputy Director for VAT Reliefs, Deductions & Financial Services at HMRC can confirm that this Explanatory Memorandum meets the required standard.

15.3 Andrew Griffith MP, Economic Secretary to the Treasury can confirm that this Explanatory Memorandum meets the required standard.