HMRC - IPT04270 - Long-Term Business: Long-Term Contracts Including An Element Of General Insurance

Insurers who are authorised to write long-term business may also be authorised to write some general business covering accident and sickness, as a subsidiary part of a long-term contract.

Paragraph 2(2)(c) of Schedule 7A to the Finance Act 1994 provides that the IPT exemption is extended to the element of general insurance included as part of such a long-term contract as long as the contract was not entered into after 30 November 1993.

Where such a “mixed” contract commences after that date it needs to be apportioned between the taxable and exempt elements. However, it may still qualify to be treated as wholly exempt under the de minimis concession. IPT05900 provides further information on the de minimis concession.

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