HMRC - IPT04710 - Legal Provisions

The Finance Act 1994, Schedule 7A paragraph 13(1) exempts a contract:

… if it relates only to credit granted in relation to goods or services supplied under a relevant contract by a person carrying on business in the United Kingdom.

The exemption is aimed at insurance taken out by UK based businesses to protect payments due to them for supplies to their overseas customers. The supply must be made under a relevant contract for the insurance to be exempt.

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