HMRC - IPT04810 - Motability Contract-Hire Schemes: Legal Provisions

The Finance Act 1994, Schedule 7A paragraphs 3(1) and (2) exempts a contract of insurance:

(1) …. if it relates only to a motor vehicle and the conditions mentioned in sub-paragraph (2) below are satisfied.

(2) The conditions referred to in sub-paragraph (1) above are that-

(a) the vehicle is used, or intended for use, by a handicapped person in receipt of a disability living allowance, or a personal independence payment, by virtue of entitlement to the mobility component, or of an armed forces independence payment or of a mobility supplement;

(b) the insured lets such vehicles on hire to such persons in the course of a business consisting predominantly of the provision of motor vehicles to such persons; and

(c) the insured does not in the course of the business let such vehicles on hire to such persons on terms other than qualifying terms.

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