HMRC - IPT05970 - The Effect Of Additional / Return Premiums On De Minimis

Once a policy is found to be exempt under the de minimis provisions, any increase of the premium caused by the insurer calling for additional premiums (APs) requires the insurer to recalculate whether the policy still falls within the de minimis limits. The AP may take the premium over £500,000 or increase the taxable element above 10%. Any decrease of the premium, by return premiums (RPs) being paid to the insured, may also affect the amount of the total premium or the taxable percentage. There is more on this type of adjustment in IPT07670 and IPT07675.

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