HMRC - IPT06410 - Purpose And Outline Of This Section

The Finance Act 1994, Section 62(6) and (7), and the IPT Regulations 1994 Regulation 7, set out the statutory provisions relating to the transfer of an insurance business as a going concern.

The purpose of the TOGC provisions is to provide administrative convenience to both the industry and the Department while ensuring that the tax is secured. The law provides that in certain circumstances the IPT registration number previously used by one insurer may be reallocated to a second, new insurer. The circumstances in which this is allowed are detailed in IPT06430. This part of the guidance is, of course, only concerned with an insurance business that involves the receipt or writing of taxable premiums.

These provisions are voluntary, and subject to the agreement of both transferee and transferor.

An insurance business can be transferred as a going concern in several ways. In practice the most common way for this to happen is when one insurer (the transferee) disposes of a part of its taxable business for commercial reasons and sells that business to another insurer. (Where both insurers are, and continue to be, registered for IPT the transfer will not affect the registrations, except that there may need to be a change in any group registrations in force.)

Other ways in which a business might be transferred as a going concern include changing the legal status of the insurer (so that a business previously carried on by an individual or a branch of an overseas firm is transferred to a UK company). A business can also be transferred when it is sold to a person (the transferee) who has not previously been registered for IPT.

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