HMRC - IPT06440 - Responsibilities Under A TOGC

(a) Transferee

Regulation 7(3)(a) says that where both parties have agreed for a transfer to be dealt with under the TOGC procedures:

any liability of the transferor existing at the date of the transfer to make a return or account for any tax … shall become the liability of the transferee.

Regulation 7(3)(b) adds that in such circumstances:

any entitlement of the transferor, whether or not existing at the time of the transfer, to credit or payment under Part IV of these Regulations shall become the entitlement of the transferee.

Regulation 7(4) further adds that where:

… any -

(a) return has been made;

(b) tax has been accounted for; or

(c) entitlement to credit has been claimed,

by either the transferor or the transferee, it shall be treated as having been done by the transferee.

By completing the IPT 68, the transferee agrees to the conditions shown on it. This spells out the requirements placed on them in detail. They are:

to send in the first IPT return received, with the tax owing for the whole period of the return (note - this could include time before the transfer);

to send in any outstanding returns due from the previous owner, and pay any outstanding tax (the implications of this will be readily apparent);

to treat any previous return made by the owner as if made by them (note - this means that the new owner is liable for any errors made by the old owner, and any assessment and or penalty); and

to waive any right to any money paid by HMRC to the old owner before the transfer.

Where the transferee repays a premium, or a part of a premium, that was originally paid to a transferor, and on which the transferor paid tax, it is the transferee who is entitled to any related credit of tax, whether or not the transfer has been dealt with under the TOGC arrangements. These provisions are in Regulation 7(5).

(b) Transferor

The transferor loses entitlement to a credit of tax when the transferee refunds premiums, whether or not the transfer is dealt with as a TOGC, in the circumstances described in Regulation 7(5). If the TOGC procedures (using the IPT 68 form) have been adopted any liabilities are transferred to the transferee.

Otherwise the transferor makes no other commitment to the Department. Any commitment, guarantee etc. that they enter into about IPT with the transferee is purely a commercial matter between the two.

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