HMRC - IPT06830 - Criteria For Registration

A person will only have to register and account for IPT on a fee which is deemed to be a premium if the following specific criteria are met. Section 52A(1) of the Finance Act 1994, inserted by the Finance Act 1997, sets out these criteria. A fee is liable to IPT if it is charged:

(a) at or about the time when a higher rate contract is effected, and

(b) in connection with that contract,

… in respect of an insurance-related service … by a taxable intermediary to a person who is or becomes the insured (or one of the insured) under the contract….

As can be seen from the above, someone charging a fee in these circumstances will only be liable to register and account for IPT if they are a taxable intermediary. A person will only be a taxable intermediary if they meet the criteria outlined in sections 52A(6) and 52A(6A) of the Finance Act 1994 as follows:

(6) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 2 or 3 of Schedule 6A to this Act (motor cars or motor cycles, or relevant goods) and the person is-

(a) within the meaning of the paragraph in question, a supplier of motor cars or motor cycles or, as the case may be, of relevant goods; or

(b) a person connected with a person falling within paragraph (a) above; or

(c) a person who in the course of his business pays-

(i) the whole or any part of the premium received under that contract, or (ii) a fee connected with the arranging of that contract, to a person falling within paragraph (a) or (b) above.

(6A) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 4 of Schedule 6A to this Act (travel insurance) and the person is-

(a) the insurer under that contract; or

(b) a person through whom that contract is arranged in the course of his business; or

(c) a person connected with the insurer under that contract; or

(d) a person connected with a person falling within paragraph (b) above; or

(e) a person who in the course of his business pays-

(i) the whole or any part of the premium received under that contract, or (ii) a fee connected with the arranging of that contract, to a person falling within any of paragraphs (a) to (d) above.

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