HMRC - IPT07710 - Definition Of ‘Cash Receipt’

The date on which cash is received is the date on which either cash itself (notes and coins) or goods or other payment in kind is received by the insurer or any person acting on their behalf. Payment by cheque, standing order, direct debit and credit, charge or debit card are treated as taking place on the date on which the insurer has use of the money, i.e. the date on which payment is credited to their account.

If an insurer wishes to account for tax on cheque payments at an earlier date, for example the date on which they are received or the date of entry in their cash book, they may do so. However this is optional and insurers cannot be required to depart from the normal accounting date.

Where a payment is effected by means of an accounting offset - for example within corporate groups the cost of insurance supplied by a captive insurer may be set off against the charge made by the parent for services it supplies to the captive - the date on which the offset is entered in the insurer’s accounts should be treated as the date of payment.

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