HMRC - IPT07805 - Purpose And Outline Of This Section

Purpose and outline of this section

IPT07800 deals with the transitional arrangements for a change in IPT rate and is - except where stated - relevant for all changes in tax rates (past and future). For details of the higher rate of IPT see IPT04900.

There are also anti-forestalling arrangements, which are designed to stop insurers or their customers from avoiding tax by making advance payments in respect of insurance contracts commencing before a rate increase, or buying several years of cover in advance. These are outlined in IPT07840, IPT07845, IPT07850, IPT07855 and IPT07860 and in Notice IPT 1.

Advance notice required

The arrangements allow for a minimum period of a full three months between the announcement of change in the rate of IPT and the implementation of that rate change. For example, changes announced in the June 2010 Budget did not come into force until 4 January 2011 and the changes announced in the 2016 Autumn Statement did not come into force until 1 June 2017.

Legal basis for the transitional arrangements

Any transitional provisions are contained in the Finance Act in which the change in rate is announced. For example, section 125 of the Finance Act 1999 contains the transitional arrangements, where the rate was increased from 4% to 5% and section 17 of the Finance Act 2017 contains the transitional arrangements, where the rate was increased from 10% to 12%.

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