HMRC - IPT07825 - Monthly Written Contracts

Please note this guidance is for rate rises from 1 June 2017. Please see IPT07865 for guidance relating to rate rises before I June 2017.

Premiums received for monthly written contracts are treated in the same way as any other premium, and each monthly contract is regarded as being a new contract. Thus any contract incepting on or after the rate rise date is liable to tax at the new rate.

A monthly written contract is a type of policy which provides cover for a period of one month. In practice, such policies will normally be renewed by the insurer on a regular basis, but they allow insurers the option of not continuing to renew cover where there are major claims. Such contracts are most frequently found in the health insurance market.

It is important to distinguish monthly contracts from contracts for longer periods which are paid by monthly instalments. This will affect the tax point and (where there is a rate change) the rate of tax due.

Previous page

Next page