HMRC - IPT08500 - Visits To Lloyd's

IPT02400 provides some general background on the organisation and size of Lloyd’s. Overall, Lloyd’s deals with approximately a third of all insurance business conducted in the London market.

Lloyd’s IPT system

The registrable entity for IPT in the Lloyd’s market is the syndicate. This mirrors the VAT arrangements for Lloyd’s. All Lloyd’s syndicates have a presence in the Lloyd’s building, although much administrative work is nowadays undertaken at remote sites.

Each syndicate which receives taxable premiums is required to register separately for IPT. However, syndicates that write taxable business have the option to elect for the Corporation of Lloyd’s to account for the tax on their behalf on a composite return. This eases the administrative burden of the tax. Lloyd’s have, through regulatory powers under the Lloyd’s Act 1982, made this option compulsory for all syndicates that write non-motor business. Lloyd’s take the figures reported through the Lloyd’s Policy Signing Office (LPSO) and report them on the consolidated return. The LPSO performs a range of administrative functions for Lloyd’s syndicates.

Regulation 12(2) of the IPT Regulations 1994 provides the statutory basis for the consolidated Lloyd’s IPT return.

The composite IPT return is produced from data held on the premium processing system at LPSO. The return is submitted by the Corporation of Lloyds to CCU in Southend (see IPT01200) by E-mail. Lloyd’s also provide the detailed information that supports the consolidated return and schedule. This includes, in respect of each syndicate, the syndicate’s number, their IPT registration number, and their IPT liability (using the same headings as shown on the usual IPT return), and their value of taxable premiums, net of IPT.

Motor syndicates are syndicates who write exclusively UK motor vehicle business. They do not use LPSO for processing premiums. Each motor syndicate operates its own premium processing system, therefore it is not practical for their business to be reported on the consolidated return.

Some syndicates write a proportion of motor business in addition to their usual non-motor business. The majority of these syndicates use the LPSO to process all their premiums, including motor business details of which they notify to Lloyd’s.

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Lloyd’s system

Assurance of the IPT declared on the composite Lloyd’s return is the responsibility of the Lloyd’s Assurance Team in LBS. Their approach to Lloyd’s and the syndicates is tailored to the unique nature of the Lloyd’s insurance market but the techniques and standards of large trader assurance and systems audit are used.

Throughout this process, in accordance with the partnership approach that we have adopted, our findings are discussed and, where appropriate, agreed with Lloyd’s own internal taxation department.

Visits to syndicates using the composite return are made by the Lloyd’s Assurance Team. If you wish to speak to a member of the Lloyd’s Assurance team please contact the UoE (see IPT08100).

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Motor syndicates

Motor syndicates, which are not included in the composite Lloyd’s return, have their own separate systems of accounting for IPT. You should follow normal audit assurance procedures for these syndicates. Many motor syndicates also write a small amount of non-motor business, which is processed through LPSO. There is a potential risk that the IPT relating to this business is omitted from the syndicate’s return. Officers who visit motor syndicates and wish to establish if any business is processed through the LPSO, or confirm the details of such business, should contact the Lloyd’s assurance team.

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