HMRC - IPT10500 - Procedure Tables: Liability Notices - Operational Arrangements

Before using these procedures you must liaise with the Deductions & Financial Services Team and obtain their agreement.

(A) If all the following apply:

the insurer does not have a place of belonging in the UK;

the insurer belongs in a country with which the UK has no mutual assistance agreement or similar provision;

the insurer has insured one or more persons under one or more taxable contracts of insurance in the UK;

then LIPTOs can:

issue notices of liability to all the insured parties, and

issue assessments to the insured for any tax due, or deemed to be due by virtue of the LIPTO’s best judgment, under the contract of insurance.

A liability notice informs the insured that they will be liable for any IPT due on any further contracts of insurance.

The assessment can cover only the period between the material date (the date of the liability notice, or any later date specified in the notice) and the date of the assessment.

A liability notice must be issued before any assessments can be issued to the insured.

(B) Following issue of liability notice:

the insured and the insurer are jointly and severally liable for any tax assessed;

both parties have a time limit of 30 days in which to pay the assessment;

if the insured pays the tax assessed by the liability notice, the insurer is liable to pay this amount, and interest at the appropriate rate, to the insured, as provided for under the terms of Regulation 39 of the IPT Regulations 1994;

an assessment under a liability notice must be reduced by the amount of any assessment for the same period issued direct to the insurer (Regulation 37 of the IPT Regulations 1994 refers);

business and accounting records;

policy documents, cover notes and endorsements;

invoices, renewal notices issued to them;

debit or credit notes issued to them showing an increase or decrease in the premium, and copies of documents issued by them.

Regulation 41 of the IPT Regulations 1994 refers.

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