

Insurance Premium Tax

In his autumn statement in November 2016, the Chancellor announced a further increase in the standard rate of insurance premium tax (IPT) from 10.0% to 12% with effect from 1 June 2017. All insurers are obliged to pay this tax to the government.

What does this mean for our insurance premiums?

Any renewal due on or after 1 June 2017 will now be taxed at the new rate of 12.0% and the amount of tax will be shown on your policy schedule. These IPT changes also apply to any new policies sold after the same date.

Any business effective from before 1 June 2017 will be taxed at the existing 10% rate.

What if we need to change our policy mid-term?

For mid-term adjustments with an effective date of 1 June 2017 to 31 May 2018:

- If inception or renewal of the policy was prior to 1 June 2017, IPT will be charged at 10%
- If the inception or renewal of the policy is on or after 1 June 2017, IPT will be charged at 12%

Can we do anything to avoid the changes?

The simple answer is 'no'. The government through HMRC has anti-forestalling provisions in place. These are designed to prevent tax avoidance through, for example: extending policy periods; disguising new risks as additions to existing policies or pre-paying premiums.

More information

If you have any further queries, please speak to a member of our Customer Service Team on:

Phone: 0345 070 2223 (Lines are open 8am - 6pm, Monday to Friday excluding bank holidays.)

Email: enquiries@baptist-ins.com