

*These notes refer to the Finance (No. 2) Act 2010
(c.31) which received Royal Assent on 27 July 2010*

FINANCE (NO. 2) ACT 2010

EXPLANATORY NOTES

Section 4: Rate of Insurance Premium Tax

Details of the Section

2. Section 51(2)(a) of the Finance Act (FA) 1994 provides that the higher rate of IPT is 17.5 per cent, and section 51(2)(b) of FA 1994 provides that the standard rate of IPT is 5 per cent.
3. Subsection (1)(a) of the section substitutes 20 per cent for 17.5 per cent, and subsection (1)(b) substitutes 6 per cent for 5 per cent.
4. Subsection (2) applies the new rates to insurance premiums which fall to be regarded as received by insurers under taxable insurance contracts on or after 4 January 2011.
5. Subsection (3) makes consequential changes in relation to the application of anti-avoidance measures contained in sections 67A and 67C of FA 1994, relating to avoidance in the period between the announcement and implementation of rate rises. For the purposes of these provisions:
 - the date of announcement of the increase in rate is 22 June 2010; and
 - the date of change is 4 January 2011.
6. Subsection (4) repeals section 125 of FA 1999 which introduced the current 5 per cent standard rate of IPT.