STATUTORY INSTRUMENTS

2009 No. 219

INSURANCE PREMIUM TAX

The Insurance Premium Tax (Amendment of Schedule 6A to the Finance Act 1994) Order 2009

Approved by the House of Commons

Made - - - -	*10th February 2009*
Laid before the House of Commons - - - -	*10th February 2009*
Coming into force - -	*1st April 2009*

The Treasury make the following Order in exercise of the powers conferred by section 51A(3) of the Finance Act 1994(**1**):

Citation, commencement and effect

1.—(1) This Order may be cited as the Insurance Premium Tax (Amendment of Schedule 6A to the Finance Act 1994) Order 2009 and shall come into force on 1st April 2009.

(2) This Order has effect in relation to taxable insurance contracts made or coming into operation on or after 1st April 2009.

Exclusion of certain types of insurance from paragraph 2 of Schedule 6A to the Finance Act 1994

2.—(1) Paragraph 2 (insurance contracts relating to motor cars or motor cycles) of Schedule 6A(**2**) to the Finance Act 1994 is amended as follows.

(2) After sub-paragraph (2) insert—

"(2A) A premium does not fall within this paragraph if it is—

(a) payable under a taxable insurance contract relating to a motor car or motor cycle which is supplied by way of sale, and

(b) attributable to cover of the kind generally known as—

(i) fully comprehensive,

(ii) third party, fire and theft, or

(**1**) 1994 c. 9. Section 51A was inserted, in relation to a premium which falls to be regarded for the purposes of Part 3 of the Act as receivable under a taxable insurance contract by an insurer on or after 1st April 1997, by sections 22(1) and 24 of the Finance Act 1997 (c. 16). See also section 74(1) of the 1994 Act.

(**2**) Schedule 6A was inserted by section 22(3) of, and Schedule 4 to, the Finance Act 1997.

(iii) third party.”.

(3) In sub-paragraph (6), after the definitions of “motor car” and “motor cycle” insert—

““sale”, in relation to a motor car or motor cycle, means—

(a) a sale under which title to the motor car or motor cycle passes to the purchaser immediately on purchase, or

(b) a sale pursuant to a hire purchase agreement (within the meaning of the Consumer Credit Act 1974(**3**)) under which it is intended at the outset of the agreement that the title to the motor car or motor cycle is to pass to the purchaser, whether on conclusion of the agreement or at the end of a period specified in the agreement.”.

Dave Watts
Tony Cunningham
Two of the Lords Commissioners of Her Majesty’s Treasury

10th February 2009

(**3**) 1974 c. 39. Section 189 defines “hire purchase agreement”.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends paragraph 2 of Schedule 6A to the Finance Act 1994 ("the 1994 Act"), so as to exclude from the charge to Higher Rate Insurance Premium Tax premiums paid under an insurance policy that is of a type generally known as either fully comprehensive, third party (fire and theft) or third party, in cases where the insurance policy is provided in respect of a motor car or motor cycle at the same time as the vehicle is supplied by way of sale.

Insurance premium tax is payable at the Higher Rate on insurance relating to motor cars and motor cycles (when the insurance is provided at the same time as the supply of the vehicle by the person who supplied the vehicle, or who is connected with the person who supplied the vehicle).

This Order replicates the effect of ESC 4.3 (IPT: insurance relating to motor cars and motor cycles) of Notice 48 "Extra Statutory Concessions" published by Her Majesty's Customs and Excise in March 2002 and available at http://www.hmrc.gov.uk/thelibrary/esc.htm.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.