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Cross Heading: Schedule to be inserted into the Finance Act 1994. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 4

#### INSURANCE PREMIUM TAX: THE HIGHER RATE

*Schedule to be inserted into the Finance Act 1994*

#### “SCHEDULE 6A

Section 51A.

#### PREMIUMS LIABLE TO TAX AT THE HIGHER RATE

### PART I

#### INTERPRETATION

- 1 (1) In this Schedule—
- “insurance-related service” means any service which is related to, or connected with, insurance;
  - “supply” includes all forms of supply; and “supplier” shall be construed accordingly.
- (2) For the purposes of this Schedule, any question whether a person is connected with another shall be determined in accordance with section 839 of the Taxes Act 1988.

### PART II

#### DESCRIPTIONS OF PREMIUM

##### *Insurance relating to motor cars or motor cycles*

- 2 (1) A premium under a taxable insurance contract relating to a motor car or motor cycle falls within this paragraph if—
- (a) the contract is arranged through a person falling within sub-paragraph (2) below, or
  - (b) the insurer under the contract is a person falling within that sub-paragraph, unless the insurance is provided to the insured free of charge.
- (2) A person falls within this sub-paragraph if—
- (a) he is a supplier of motor cars or motor cycles;
  - (b) he is connected with a supplier of motor cars or motor cycles; or
  - (c) he pays—
    - (i) the whole or any part of the premium received under the taxable insurance contract, or
    - (ii) a fee connected with the arranging of that contract,

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to a supplier of motor cars or motor cycles or to a person who is connected with a supplier of motor cars or motor cycles.

- (3) Where a taxable insurance contract relating to a motor car or motor cycle is arranged through a person who is connected with a supplier of motor cars or motor cycles, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to a motor car or motor cycle supplied by a supplier of motor cars or motor cycles with whom that person is connected.
- (4) Where the insurer under a taxable insurance contract relating to a motor car or motor cycle is connected with a supplier of motor cars or motor cycles, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to a motor car or motor cycle supplied by a supplier of motor cars or motor cycles with whom the insurer is connected.
- (5) For the purposes of this paragraph, the cases where insurance is provided to the insured free of charge are those cases where no charge (whether by way of premium or otherwise) is made—
- (a) in respect of the taxable insurance contract, or
  - (b) at or about the time when the taxable insurance contract is made and in connection with that contract, in respect of any insurance-related service,
- by any person falling within sub-paragraph (2) above to any person who is or becomes the insured (or one of the insured) under the contract or to any person who acts, otherwise than in the course of a business, for or on behalf of such a person.
- (6) In this paragraph—
- “motor car” and “motor cycle” have the meaning given—
- (a) by section 185(1) of the <sup>M1</sup>Road Traffic Act 1988; or
  - (b) in Northern Ireland, by Article 3(1) of the <sup>M2</sup>Road Traffic (Northern Ireland) Order 1995;
- “supplier” does not include an insurer who supplies a car or motor cycle as a means of discharging liabilities arising by reason of a claim under an insurance contract.

*Insurance relating to domestic appliances etc.*

- 3 (1) A premium under a taxable insurance contract relating to relevant goods falls within this paragraph if—
- (a) the contract is arranged through a person falling within sub-paragraph (2) below, or
  - (b) the insurer under the contract is a person falling within that sub-paragraph, unless the insurance is provided to the insured free of charge.
- (2) A person falls within this sub-paragraph if—
- (a) he is a supplier of relevant goods;
  - (b) he is connected with a supplier of relevant goods; or
  - (c) he pays—
    - (i) the whole or any part of the premium received under the taxable insurance contract, or

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- (ii) a fee connected with the arranging of that contract,  
to a supplier of relevant goods or to a person who is connected with a supplier  
of relevant goods.
- (3) Where a taxable insurance contract relating to relevant goods is arranged through a  
person who is connected with a supplier of relevant goods, the premium does not fall  
within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent  
that the premium is attributable to cover for a risk which relates to relevant goods  
supplied by a supplier of relevant goods with whom that person is connected.
- (4) Where the insurer under a taxable insurance contract relating to relevant goods is  
connected with a supplier of relevant goods, the premium does not fall within this  
paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the  
premium is attributable to cover for a risk which relates to relevant goods supplied by  
a supplier of relevant goods with whom the insurer is connected.
- (5) For the purposes of this paragraph, the cases where insurance is provided to the insured  
free of charge are those cases where no charge (whether by way of premium or  
otherwise) is made—
- (a) in respect of the taxable insurance contract, or
  - (b) at or about the time when the taxable insurance contract is made and in  
connection with that contract, in respect of any insurance-related service,
- by any person falling within sub-paragraph (2) above to any person who is or becomes  
the insured (or one of the insured) under the contract or to any person who acts,  
otherwise than in the course of a business, for or on behalf of such a person.
- (6) In this paragraph—
- “relevant goods” means any electrical or mechanical appliance of a kind—
  - (a) which is ordinarily used in or about the home; or
  - (b) which is ordinarily owned by private individuals and used by them for the  
purposes of leisure, amusement or entertainment;
- “supplier” does not include an insurer who supplies relevant goods as a  
means of discharging liabilities arising by reason of a claim under an insurance  
contract.
- (7) In sub-paragraph (6) above—
- “appliance” includes any device, equipment or apparatus;
  - “the home” includes any private garden and any private garage or private  
workshop appurtenant to a dwelling.

#### *Travel insurance*

- 4 (1) A premium under a taxable insurance contract relating to travel risks falls within this  
paragraph if—
- (a) the contract is arranged through a person falling within sub-paragraph (2)  
below, or
  - (b) the insurer under the contract is a person falling within that sub-paragraph,  
unless the insurance is provided to the insured free of charge.
- (2) A person falls within this sub-paragraph if—
- (a) he is a tour operator or travel agent;
  - (b) he is connected with a tour operator or travel agent; or

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- (c) he pays—
- (i) the whole or any part of the premium received under the contract, or
  - (ii) a fee connected with the arranging of the contract,
- to a tour operator or travel agent or to a person who is connected with a tour operator or travel agent.
- (3) Where a taxable insurance contract relating to travel risks is arranged through a person who is connected with a tour operator or travel agent, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to services supplied by a tour operator or travel agent with whom that person is connected.
- (4) Where the insurer under a taxable insurance contract relating to travel risks is connected with a tour operator or travel agent, the premium does not fall within this paragraph by virtue only of sub-paragraph (2)(b) above except to the extent that the premium is attributable to cover for a risk which relates to services supplied by a tour operator or travel agent with whom the insurer is connected.
- (5) For the purposes of sub-paragraphs (3) and (4) above, a travel agent shall be treated as supplying any services whose provision he secures or arranges.
- (6) For the purposes of this paragraph, the cases where insurance is provided to the insured free of charge are those cases where no charge (whether by way of premium or otherwise) is made—
- (a) in respect of the taxable insurance contract, or
  - (b) at or about the time when the taxable insurance contract is made and in connection with that contract, in respect of any insurance-related service,
- by any person falling within sub-paragraph (2) above to any person who is or becomes the insured (or one of the insured) under the contract or to any person who acts, otherwise than in the course of a business, for or on behalf of such a person.
- (7) In this paragraph—
- “tour operator” includes any person who carries on a business which consists of or includes the provision, or the securing of the provision, of—
- (a) services for the transport of travellers; or
  - (b) accommodation for travellers;
- “travel agent” includes any person who carries on a business which consists of or includes the making of arrangements, whether directly or indirectly, with a tour operator for the transport or accommodation of travellers;
- “travel risks” means—
- (a) risks associated with, or related to, travel or intended travel; or
  - (b) risks to which a person travelling may be exposed at any place at which he may be in the course of his travel.”

#### **Marginal Citations**

**M1** 1988 c. 52.

**M2** S.I. 1995/2994 (N.I. 18).

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