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STATUTORY INSTRUMENTS

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**2001 No. 3649**

**The Financial Services and Markets Act 2000  
(Consequential Amendments and Repeals) Order 2001**

**PART 8**

**MISCELLANEOUS AMENDMENTS TO PRIMARY LEGISLATION**

*Value Added Tax Act 1994 (c. 23)*

**Supplies exempt from Value Added Tax**

**347.**—(1) Schedule 9 to the Value Added Tax Act 1994 (exempt supplies)(1) is amended as follows.

(2) For Item 1 of Group 2 substitute—

“1 The provision of insurance or reinsurance in the course of insurance business by—

- (a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance;
- (b) a person who is exempt in respect of effecting or carrying out contracts of insurance by reason of an order under section 38 of that Act (and accordingly may effect or carry out contracts of insurance without contravening the general prohibition);
- (c) a person who carries on an insurance market activity;
- (d) a person (not falling within paragraph (a)) who would require permission to effect or carry out—
  - (i) a contract of insurance under which the benefits provided by that person are exclusively or primarily benefits in kind in the event of accident to or breakdown of a vehicle, or
  - (ii) a contract in the course of a Community co-insurance operation, but for the identity of the person carrying on that activity.”.

(3) For Item 2 substitute—

“2 The provision by an insurer or reinsurer who belongs outside the United Kingdom of—

- (a) insurance against any of the risks or other things described in the Annex to the first non-life insurance directive or in the Annex to the first life insurance directive, or
- (b) reinsurance relating to any of those risks or other things.”.

(4) In Item 4, in paragraph (a) for “a contract of insurance or reinsurance” substitute “a contract of insurance”.

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(1) Relevant amendments made by the Finance Act 1997 (c. 16), section 38.

(5) Before Note (1) to Group 2, insert—

“(A1) For the purposes of Item 1—

“Community co-insurance operation” has the same meaning as in the Council Directive of 30 May 1978 on the co-ordination of laws, regulations and administrative provisions relating to Community co-insurance (No. [78/473/EEC](#));

“insurance business” means business which consists of effecting and carrying out contracts of insurance;

“insurance market activity” has the meaning given in section 316(3) of the Financial Services and Markets Act 2000.

(B1) References—

(a) in Items 1 and 4 to contracts of insurance, and

(b) in Item 1 and Note (AI) to the effecting and carrying out of contracts of insurance,

must be read with section 22 of the Financial Services and Markets Act 2000, any relevant order under that section, and Schedule 2 to that Act.

(C1) In Item 2—

(a) “first non-life insurance directive” means the Council Directive of 24 July 1973 on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct insurance other than life assurance (No. [73/239/EEC](#));

(b) “first life insurance directive” means the Council Directive of 5 March 1979 on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance (No. [79/267/EEC](#)).”.