

Increase in Insurance Premium Tax

As announced in the Autumn Statement 2016 with effect from the 1st June 2017 Insurance Premium Tax rises from 10 % to 12 %. The changes are applied across all insurance products, as shown below:

Policies incepted or renewed: (Regardless of when the quote was provided or any rate guarantees that may apply)	Prior to 1 June 2017	On, or after, 1 June 2017
New business and renewals, inception date	10%	12%
Mid-term adjustments (MTA),		
Additional premium, effective date	10%	12%
Return premiums, cancellations, inception date*	10%	12%

If you would like to read more regarding the change in insurance premium tax please visit:

<https://www.gov.uk/government/publications/insurance-premium-tax-increase-of-standard-rate> or call us on **0800 281235**

Important Note: HMRC will not allow more IPT to be refunded than was originally paid.

*Regardless of the date of change, where one or more MTA takes place and different rates of IPT have been applied (i.e. 10% on inception premium but 12% for an MTA) or cancellation takes place that results in a refund of premium being due, ideally IPT will be apportioned. However HMRC accept that systems may be unable to do so in which case the overriding consideration is that the rebated IPT must not exceed the rate at which IPT was originally paid. Therefore if the system is unable to apportion IPT the rebate of IPT on the refund of premium will be at the lower rate.