

1 IPT: anti-forestalling provision

- (1) FA 1994 is amended as follows.
- (2) After section 66 insert –

“66A Rate increases: deemed date of receipt of certain premiums

- (1) This section applies where a Minister of the Crown announces a proposed increase in the rate at which tax is to be charged on a premium if it is received by the insurer on or after a date specified in the announcement (“the change date”).
- (2) This section applies whether or not the announcement includes an announcement of a proposed exception from the increase (for example, for premiums in respect of risks for which the period of cover begins before the change date).
- (3) Subsection (4) applies where –
 - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date, and
 - (b) the period of cover for the risk begins on or after the change date.
- (4) For the purposes of this Part the premium is to be taken to be received on the change date.
- (5) Subsection (6) applies where –
 - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date,
 - (b) the period of cover for the risk –
 - (i) begins before the change date, and
 - (ii) ends on or after the first anniversary of the change date (“the first anniversary”), and
 - (c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary.
- (6) For the purposes of this Part –
 - (a) so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary is to be taken to be received on the change date, and
 - (b) so much as is so attributable is to be taken to be a separate premium.
- (7) In determining whether the condition in subsection (3)(a) or (5)(a) is met, regulations under section 68(3) or (7) apply as they would apart from this section.

- (8) But where subsection (4) or (6) applies –
 - (a) that subsection has effect despite anything in section 68 or regulations under that section, and
 - (b) any regulations under section 68 have effect as if the entry made in the accounts of the insurer showing the premium as due to the insurer had been made as at the change date.
- (9) A premium treated by subsection (6) as received on the change date is not to be taken to fall within any exception, from an increase announced by the announcement, for premiums in respect of risks for which the period of cover begins before the change date.
- (10) Any attribution under this section is to be made on such basis as is just and reasonable.
- (11) In this section –
 - “increase”, in relation to the rate of tax, includes the imposition of a charge to tax by adding to the descriptions of contract which are taxable insurance contracts;
 - “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975.

66B Section 66A: exceptions and apportionments

- (1) Section 66A(3) and (4) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins.
- (2) Section 66A(5) and (6) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for cover to be provided for a period of more than twelve months.
- (3) If a contract relates to more than one risk, then in the application of section 66A(3) and (4) or 66A(5) and (6) –
 - (a) the reference in section 66A(3)(b) or (5)(b) to the risk is to be read as a reference to any given risk,
 - (b) so much of the premium as is attributable to any given risk is to be taken for the purposes of section 66A(3) and (4) or 66A(5) and (6) to be a separate premium relating to that risk,
 - (c) those provisions then apply separately in the case of each given risk and the separate premium relating to it, and
 - (d) any further attribution required by section 66A(5) and (6) is to be made accordingly,and subsections (1) and (2) and section 66A(9) apply accordingly.
- (4) Any attribution under this section is to be made on such basis as is just and reasonable.

66C Rate changes: premiums relating to more than one period of cover

- (1) This section applies if any Act –
 - (a) makes an amendment of section 51(2)(a) or (b) which alters the higher rate or standard rate (“the relevant rate”),
 - (b) provides for the amendment to have effect in relation to a premium falling to be regarded for the purposes of this Part as

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- received under a taxable insurance contract by an insurer on or after a particular date (“the change date”), and
- (c) makes provision that excepts from that amendment a premium which is in respect of a risk for which the period of cover begins before the change date.
- (2) Subsection (3) applies if a premium which is liable to tax at the relevant rate, and which falls to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after the change date, is –
 - (a) partly in respect of a risk for which the period of cover begins before the change date, and
 - (b) partly in respect of a risk for which the period of cover begins on or after that date.
 - (3) So much of the premium as is attributable to the risk for which the period of cover begins on or after the change date is to be treated for the purposes of this Part and the provision mentioned in subsection (1)(c) as a separate premium.
 - (4) Where a premium is in respect of a relevant rate matter and also a matter that is not a relevant rate matter –
 - (a) for the purposes of the provision mentioned in subsection (1)(c), the premium is to be treated as in respect of a risk for which the period of cover begins before the change date if the part of it attributable to the relevant rate matter is in respect of such a risk, and
 - (b) the reference in subsection (2) to a premium which is liable to tax at the relevant rate is to be read as a reference to so much of the premium as is attributable to the relevant rate matter (and subsection (3) is to be read accordingly).
 - (5) If premiums of any description are excluded from the exception mentioned in subsection (1)(c), nothing in subsections (2) to (4) applies to a premium of that description.
 - (6) Nothing in subsection (4) applies to an excepted premium (within the meaning given by section 69A).
 - (7) Any attribution under this section is to be made on such basis as is just and reasonable.
 - (8) In this section a “relevant rate matter” means –
 - (a) where the relevant rate is the standard rate, a standard rate matter as defined by section 69(12)(c);
 - (b) where the relevant rate is the higher rate, a higher rate matter as defined by section 69(12)(d).
 - (9) In subsection (1) the reference to any Act includes a resolution which has statutory effect under the Provisional Collection of Taxes Act 1968.”
- (3) Omit –
 - (a) section 67 (spent transitional provision), and
 - (b) sections 67A to 67C (which are superseded by sections 66A and 66B inserted by subsection (2)).

- (4) The amendments made by subsections (2) and (3)(b) have effect on and after 8 March 2017.
- (5) Despite the repeal by subsection (3) of sections 67A and 67C of FA 1994, those sections continue to have effect so far as they apply to premiums received on or after 23 November 2016 and before 8 March 2017.