

Packaged commercial insurances

IF8 2016–17 edition

Web update 01: 24 March 2016

Please note the following update (amendment in **bold**) to your copy of the 2016–17 edition of the **IF8** study text:

Chapter 6, section B5, page 6/6

Please replace the current text in this section with the following:

Insurance premium tax is a tax levied by the UK Government on general insurance premiums in the UK.

The applicable rates of IPT are reviewed regularly and were last increased with effect from 1 November 2015.

It was announced in the March 2016 Budget that the standard rate will increase again from 9.5% to 10%, with effect from 1 October 2016. The higher rate remains at 20% for travel insurance and some insurances, such as those sold in conjunction with the purchase of vehicles and electrical appliances (and are sold as part of the wider deal, such as extended warranty).

Most long-term insurances, together with reinsurance and insurance on ships, aircraft and goods-in-transit (internationally), are exempt from the tax. Premiums for risks located outside the UK are also exempt, but they may be liable to similar taxes imposed by other countries.

IPT is collected by the insurer in addition to the policy premium and shown separately in the policy documentation. Insurers must account to HM Revenue and Customs quarterly for tax that is due.