

Insurance, legal and regulatory

IF1 2016–17 edition

Web update 02: 04 April 2016

Please note the following updates to your copy of the 2016–17 edition of the **IF1** study text:

Chapter 9, section F, page 9/9

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

Insurance premium tax is a tax levied by the Government on general insurance premiums in the UK. There are two main rates: standard and higher.

The standard rate will increase 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 tax. Premiums for risks located outside the UK are also exempt, but they may be liable to similar taxes imposed by other countries. It 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.

Chapter 9 self-test answers, page x (at the back of the book)

Please replace the current text for question 7 with the following:

The current rates of insurance premium tax are:

- a standard rate of 10% (effective from 1 October 2016; before this time the rate is 9.5%); and
- a higher rate of 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).