



# Finance Act 1997

## 1997 CHAPTER 16

### PART II

#### INSURANCE PREMIUM TAX

##### *Miscellaneous*

#### **28** Amounts charged by other intermediaries.

- (1) In section 72 of the <sup>M1</sup>Finance Act 1994 (interpretation: premium) after subsection (1) there shall be inserted—

“(1A) Where an amount is charged to the insured by any person in connection with a taxable insurance contract, any payment in respect of that amount is to be regarded as a payment received under that contract by the insurer unless—

- (a) the payment is chargeable to tax at the higher rate by virtue of section 52A above; or
  - (b) the amount is charged under a separate contract and is identified in writing to the insured as a separate amount so charged.”
- (2) The amendment made by subsection (1) above has effect in relation to payments received in respect of amounts charged on or after 1st April 1997.

#### **Marginal Citations**

M1 1994 c. 9.

#### **29** Prevention of pre-emption.

- (1) After section 67 of the <sup>M2</sup>Finance Act 1994 there shall be inserted—

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1997, Cross Heading: Miscellaneous. (See end of Document for details)*

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**“67A Announced increase in rate of tax: certain premiums treated as received on date of increase.**

- (1) This section applies in any case where a proposed increase is announced by a Minister of the Crown 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 date of the change”).
- (2) In a case where—
  - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the date of the change, and
  - (b) the period of cover for the risk begins on or after the date of the change,
 for the purposes of this Part the premium shall be taken to be received on the date of the change.
- (3) Subsection (4) below applies where—
  - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the date of the change;
  - (b) the period of cover for the risk begins before the date of the change and ends on or after the first anniversary of the date of the change; 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 of the date of the change.
- (4) 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 of the date of the change shall be taken to be received on the date of the change; and
  - (b) so much as is so attributable shall be taken to be a separate premium.
- (5) In determining whether the condition in subsection (2)(a) or (3)(a) above is satisfied, the provisions of regulations made by virtue of subsection (3) or (7) of section 68 below apply as they would apart from this section; but, subject to that, where subsection (2) or (4) above applies—
  - (a) that subsection shall have effect notwithstanding anything in section 68 below or regulations made under that section; and
  - (b) any regulations made under that section shall have effect as if the entry made in the accounts of the insurer showing the premium as due to him had been made as at the date of the change.
- (6) Any attribution under this section shall be made on such basis as is just and reasonable.
- (7) 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 <sup>M3</sup>Crown Act 1975.

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**67B Announced increase in rate of tax: certain contracts treated as made on date of increase.**

- (1) This section applies in any case where—
- (a) an announcement falling within section 67A(1) above is made; but
  - (b) a proposed exception from the increase in question is also announced by a Minister of the Crown; and
  - (c) the proposed exception is to apply in relation to a premium only if the conditions described in subsection (2) below are satisfied in respect of the premium.
- (2) Those conditions are—
- (a) that the premium is in respect of a contract made before the date of the change;
  - (b) that the premium falls, by virtue of regulations under section 68 below, to be regarded for the purposes of this Part as received under the contract by the insurer before such date (“the concessionary date”) as is specified for the purpose in the announcement.
- (3) In a case where—
- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the concessionary date, and
  - (b) the period of cover for the risk begins on or after the date of the change,
- the rate of tax applicable in relation to the premium shall be determined as if the contract had been made on the date of the change.
- (4) Subsection (5) below applies where—
- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the concessionary date;
  - (b) the period of cover for the risk begins before the date of the change and ends on or after the first anniversary of the date of the change; 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 of the date of the change.
- (5) Where this subsection applies—
- (a) the rate of tax applicable in relation to so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change shall be determined as if the contract had been made on the date of the change; and
  - (b) so much of the premium as is so attributable shall be taken to be a separate premium.
- (6) Any attribution under this section shall be made on such basis as is just and reasonable.
- (7) In this section—
- “the date of the change” has the same meaning as in section 67A above;

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“Minister of the Crown” has the same meaning as in section 67A above.

**67C Announced increase in rate of tax: exceptions and apportionments.**

- (1) Sections 67A(2) and 67B(3) above 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) Sections 67A(3) and (4) and 67B(4) and (5) above 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 exceeding twelve months.
  - (3) If a contract relates to more than one risk, then, in the application of section 67A(2), 67A(3) and (4), 67B(3) or 67B(4) and (5) above—
    - (a) the reference in section 67A(2)(b) or (3)(b) or 67B(3)(b) or (4)(b), as the case may be, to the risk shall be taken as a reference to any given risk,
    - (b) so much of the premium as is attributable to any given risk shall be taken for the purposes of section 67A(2), 67A(3) and (4), 67B(3) or 67B(4) and (5) above, as the case may be, to be a separate premium relating to that risk,
    - (c) those provisions shall 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 67A(3) and (4) or 67B(4) and (5) above shall be made accordingly,
 and subsections (1) and (2) above shall apply accordingly.
  - (4) Any attribution under this section shall be made on such basis as is just and reasonable.”
- (2) In the application of sections 67A to 67C of the <sup>M4</sup>Finance Act 1994 in relation to the increases in insurance premium tax effected by this Part and the exceptions from those increases—
- (a) the announcement relating to those increases, as described in section 67A(1), and to those exceptions, as described in section 67B(1), shall be taken to have been made on 26th November 1996;
  - (b) “the date of the change” is 1st April 1997; and
  - (c) “the concessionary date” is 1st August 1997.
- (3) The amendment made by subsection (1) above has effect on and after 26th November 1996.

**Marginal Citations**

- M2** 1994 c. 9.  
**M3** 1975 c. 26.  
**M4** 1994 c. 9.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1997, Cross Heading: Miscellaneous. (See end of Document for details)*

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### **30 Tax point for payroll deductions.**

- (1) After subsection (7) of section 72 of the <sup>M5</sup>Finance Act 1994 (insurance premiums to be treated as received by the insurer when received by another person on his behalf) there shall be inserted—

“(7A) Where any person is authorised by or on behalf of an employee to deduct from anything due to the employee under his contract of employment an amount in respect of a payment due under a taxable insurance contract, subsection (7) above shall not apply to the receipt on behalf of the insurer by the person so authorised of the amount deducted.”

- (2) After subsection (8) of that section there shall be inserted—

“(8A) Where, by virtue of subsection (7A) above, subsection (7) above does not apply to the receipt of an amount by a person and the whole or part of the amount is referable to commission to which he is entitled—

- (a) if the whole of the amount is so referable, the amount shall be treated as received by the insurer when it is deducted by that person; and
- (b) otherwise, the part of the amount that is so referable shall be treated as received by the insurer when the remainder of the payment concerned is or is treated as received by him.”

- (3) This section applies in relation to amounts deducted on or after the day on which this Act is passed.

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#### **Marginal Citations**

**M5** 1994 c. 9.

**Changes to legislation:**

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