

**2004 No. 3083**

**VALUE ADDED TAX**

**The Value Added Tax (Insurance) Order 2004**

*Made* - - - - - *24th November 2004*  
*Laid before the House of Commons* *24th November 2004*  
*Coming into force* - - - *1st January 2005*

The Treasury, in exercise of the powers conferred upon them by section 31(2) of the Value Added Tax Act 1994(a), hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Insurance) Order 2004 and comes into force on 1st January 2005.

2. Group 2 (insurance)(b) of Schedule 9 to the Value Added Tax Act 1994 (exemptions) is varied in accordance with the following articles.

3. For items 1 to 3 substitute —

“1. Insurance transactions and reinsurance transactions.”.

4. In item 4(a) —

(a) after “a contract of insurance” insert “or reinsurance”, and

(b) for “any such provision of insurance or reinsurance as falls, or would fall, within item 1, 2 or 3” substitute “an insurance transaction or a reinsurance transaction”.

5. Omit Notes (A1) to (C1).

6. In Note (2)(a), for “any insurance or reinsurance the provision of which falls within item 1, 2 or 3” substitute “insurance or reinsurance”.

24th November 2004

*Jim Murphy*  
*Derek Twigg*  
Two of the Lords Commissioners of  
Her Majesty’s Treasury

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(a) 1994 c.23.

(b) Group 2 was substituted by section 38 of the Finance Act 1997 (c.16) and relevant amendments were made to it by article 347 of S.I.2001/3649.

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order, which comes into force on 1st January 2005, amends Group 2 of Schedule 9 to the Value Added Tax Act 1994 (c.23), which exempts insurance from VAT.

Article 3 substitutes a new item 1 in Group 2 which removes the condition that VAT exemption for insurance and reinsurance transactions depends on the status of the provider. It also deletes items 2 and 3 which are no longer required, as they exempted insurance provided by specific persons or entities which is now exempted by the new item 1.

Articles 4 and 6 make consequential amendments to the cross-references to former items 1, 2 and 3 in item 4(a) and Note 2(a).

Article 5 deletes Notes (A1), (B1) and C1) which defined terms in the former items 1, 2 and 3 which no longer appear in the Group. It also means that a contract of insurance (now amended to “contract of insurance or reinsurance”) in item 4(a) is no longer defined by reference to the Financial Services and Markets Act 2000 (c.8).

A full regulatory impact assessment has not been produced for this instrument as it has negligible impact on the costs of business, charities or voluntary bodies.

**£3.00**

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Stationery Office and Queen's Printer of Acts of Parliament.

E1558 11/2004 141558T 19585

ISBN 0-11-050439-9



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