

# UK IPT Rate

With effect from 1 October 2016 the standard rate of UK IPT will increase from 9.5% to 10%

The new standard rate (10%) will apply to new insurance policies and renewals, incepting on or after the 1 October 2016.

For the purposes of applying the rate change, the date on which a contract is “made” has been confirmed by HMRC as meaning the date at which the policy incepts. They also define inception date as being the date at which cover provided by the insurance policy begins.

Business processed in relation to cover that incepted prior to 1 October 2016 may be taxed at the 9.5% rate if it is declared to HMRC before 1 February 2017. All business processed on or after the 1 February 2017, apart from return premiums, will attract the new rate of IPT irrespective of the inception date.

Additional premiums in relation to cover that incepted prior to 1 October 2016 may be taxed at the 9.5% rate if they are declared to HMRC before 1 February 2017.

Return premium must be processed using the tax rate that was applied to the transaction to which it relates irrespective of inception date or process date.

If the cover is provided via a series of policies, e.g. monthly policies, then those policies incepting on or after 1st October 2016 will attract the 10%.

## Contact

For more information, please contact us by email [underwriters@abbeylegal.com](mailto:underwriters@abbeylegal.com) or by telephone 0345 350 1099.

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