



IPT (Standard) Rate Change

This document explains Howe Maxted Groups response to the increased rate of Insurance Premium Tax (IPT) effective from 1 November 2015.

Introduction

In the Summer Budget, announced 8 July 2015, the Chancellor confirmed an increase of 3.5% in the standard rate of IPT. This will be effective from 1 November 2015.

This increase will see the standard rate move from its current 6% to 9.5%.

Standard Rate IPT

The rate increase is applicable to standard rate IPT only.

The higher rate IPT – charged for travel insurance, mechanical/electrical appliances insurance and some vehicle insurance – remains unchanged at 20%.

IPT Exemptions

There are a number of exemptions from IPT, including:

- Most long-term insurance
- Reinsurance
- Insurance for commercial ships and aircraft for overseas policyholders
- Insurance for commercial goods in international transit
- Premiums for risks located outside the UK – these may be liable to similar taxes imposed by other countries

Howe Maxted's approach to the change unless advised alternatively by the Insurer

New Business and Renewal transactions

- Inception/renewal date before 1 November 2015: 6%
- Inception/renewal date on or after 1 November 2015: 9.5%

Mid Term Adjustments (MTAs) on policies incepted or renewed before 1 November 2015

Refund Premiums (RPs):

- Effective date of MTAs before 1 November 2015 : 6%
- Effective date of MTAs on or after 1 November 2015: 6%

Additional Premiums (Aps):

- Effective date of MTAs before 1 November 2015: 6%
- Effective date of MTAs on or after 1 November 2015: 9.5%

Please make sure you are aware of these changes. More information can be found on the [Gov UK website](#). If you have any questions, please contact your dedicated Howe Maxted representative.

