

Increase in Insurance Premium Tax (IPT)

This is a general communication to all CCH Fee Protection customers in respect of the increase in Insurance Premium Tax (IPT) from 5% to 6% with effect from 4 January 2011. This communication is only in respect of the rate increase in IPT and all other treatment of IPT remains unchanged.

■ Comprehensive schemes (where all clients are included)

- **Scheme start date on or after 4 January 2011**

Any scheme with a start/renewal date on or after 04/01/2011 will be subject to the higher rate of IPT at 6%.

For regulated schemes only, the total amount of IPT collected by you will not be known at the start of the insurance period and therefore the IPT is calculated initially on the insurance premium due to CCH at a rate of 6%. At the end of each insurance period, we will ask for a declaration of the gross amount that you have recovered from your clients. The gross amount will include IPT at a rate of 6%. If the recovery is less than that paid to CCH, no refund of IPT will be made as the insurance cost will be the cost paid to CCH.

The declaration of IPT is a mandatory requirement by HM Revenue and Customs.

- **Scheme start date prior to 4 January 2011**

Any scheme with a start/renewal date prior to 04/01/2011 will remain at the existing rate of IPT at 5% until the next renewal date. As all clients will be effectively included from the scheme start date, the lower rate of 5% IPT will be applicable to all clients in the scheme, regardless of the date your client may pay you.

For regulated schemes only, the total amount of IPT collected by you will not be known at the start of the insurance period and therefore the IPT is calculated initially on the insurance premium due to CCH at a rate of 5%. At the end of each insurance period, we will ask for a declaration of the gross amount that you have recovered from your clients. The gross amount will include IPT at a rate of 5%. If the recovery is less than that paid to CCH, no refund of IPT will be made as the insurance cost will be the cost paid to CCH.

The declaration of IPT is a mandatory requirement by HM Revenue and Customs.

■ Voluntary schemes (where only named clients are included)

- **Scheme start date on or after 4 January 2011**

Any scheme with a start/renewal date on or after 04/01/2011 will be subject to the higher rate of IPT at 6%.

- **Scheme start date prior to 4 January 2011**

The rate of IPT rate will be dependent on when your client joins the scheme as this will be the tax point. For example, if your client joins the scheme before 04/01/2011, the applicable rate of IPT will be 5%. If your client joins the scheme on or after 04/01/2011, the applicable rate of IPT will be 6%. As a general rule, we would class the date that your client joins your scheme as the date which you receive payment from them.

- **Voluntary additions forms**

For all schemes with a renewal date on or after 01/08/2010, a revised voluntary additions form will be issued to you shortly, which will automatically revert to the correct level of IPT dependent on when your client joins the scheme.

If your scheme has a renewal date prior to this and you have further additions to your scheme on or after 04/01/2011, please e-mail additions@wolterskluwer.co.uk and we will issue a revised voluntary additions form.