

Insurance Premium Tax

Insurance Premium Tax was first introduced on 1st October 1994 to raise revenue from the Insurance Sector and affects the cost of policies for Health, Dental, Cash Plans and Business Travel. It was initially set at 2.5% and has seen a steady increase that is until recent years where it will have increased 3 times in a two year period.

Year	IPT Rate
1994 – 1997	2.5%
1997 – 1999	4%
1999 – 2011	5%
2011 – 2015	6%
2015 – 2016	9.5%
2016 – 2017	10%

As you may be aware, the Government announced a further increase to the standard rate of IPT in the 2016 Autumn Budget.

Key change

From 1st June 2017, the standard rate of IPT will increase from 10% to 12%. (The higher rate of IPT remains unchanged at 20% for Travel Insurance).

What does this mean for you?

Although the Government sets the IPT rate, it is the insurance providers who decide how to implement this increase, i.e. immediately or at the next renewal. Most of the insurance providers have now officially confirmed how they will implement the change; we will shortly be contacting our clients to inform them of their provider's stance.

If you have any concerns or would like us to provide the necessary wording for an employee notice board or group email, please contact your usual Goddard Perry consultant.

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