



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Abena Oppong-Asare MP
House of Commons
London
SW1A 0AA

10 January 2022

Dear Abena,

FINANCE BILL: CLAUSE 72

Thank you for your question at the Finance Bill Public Bill Committee on 5 January, where you asked about the anti-avoidance measures considered as part of the wider Insurance Premium Tax (IPT) consultation which concluded last year.

As you noted during the debate on Clause 72, the consultation proposed options to address a number of issues relating to the administration and operation of IPT, all of which are separate to the technical change to IPT legislation being proposed in the Finance Bill.

Chapter 1 of the consultation proposed options to address the issue of some insurers who fail to fulfil their IPT obligations. As noted in the summary of responses document, HMRC plan to engage with the insurance industry to further explore one of the proposed solutions to this issue, to establish public access to a register of insurers alongside a code of conduct for brokers to follow. Implementation of this solution will depend on findings from the forthcoming engagement with industry.

Chapter 2 of the consultation proposed two options to address an avoidance structure that a small number of insurance firms have adopted. However, following feedback in the consultation, HMRC consider that neither option provides a proportionate solution and will therefore not be taken forward at this time. The government considers avoidance to be unacceptable and will continue to monitor the level of the use of corporate structures to reduce liability to IPT and consider options to address avoidance. It may therefore be appropriate for these options to be revisited at a later date, or for further options to be considered.

I am copying this letter to the Chairs and other members of the Public Bill Committee, and am depositing a copy of this letter in the Library of the House.

Yours sincerely,

THE RT HON LUCY FRAZER QC MP