

Summary: Intervention & Options

Department /Agency: HM Revenue & Customs	Title: Impact Assessment of the Review of the Insurance Premium Tax (IPT) tax representative provisions	
Stage: Consultation	Version: 1.0	Date: July 2007
Related Publications: None		

Available to view or download at:

<http://www.>

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What is the problem under consideration? Why is government intervention necessary?

HMRC has received representations that IPT rules (both in the UK and other member states) requiring the appointment of tax representatives for overseas insurers writing risks located in the UK are ineffective and result in an increase in compliance costs for overseas insurers and unfair competition between resident insurers and non compliant overseas insurers. The consultation provides an opportunity to gather evidence of these claims from a range of interested parties in order to review the rules and enable HMRC and HMT to advise ministers whether intervention is necessary.

What are the policy objectives and the intended effects?

To ensure business does not face undue regulatory and compliance burdens. Therefore, in conjunction with the tax representative review, HMRC are also seeking views on the possible introduction of an IPT registration threshold and the current use of an existing extra statutory concession. It is intended that any amendments to the rules will be broadly revenue neutral.

What policy options have been considered? Please justify any preferred option.

There is no preferred option as yet - the consultation is the start of a process to determine possible options for further examination and consideration.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Not known yet.

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

.....Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Not known
	One-off (Transition) Yrs	
	£	
	Average Annual Cost (excluding one-off)	
£	Total Cost (PV)	£
Other key non-monetised costs by 'main affected groups'		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' Not known
	One-off Yrs	
	£	
	Average Annual Benefit (excluding one-off)	
£	Total Benefit (PV)	£
Other key non-monetised benefits by 'main affected groups' Decrease in compliance costs and unfair competition, improved use of existing mutual assistance provisions and less potential for legal challenge		

Key Assumptions/Sensitivities/Risks

At this stage, it is not possible to identify key costs and benefits. This will develop as the consultation and review progresses.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?		
On what date will the policy be implemented?		
Which organisation(s) will enforce the policy?		
What is the total annual cost of enforcement for these organisations?		£
Does enforcement comply with Hampton principles?		Yes/No
Will implementation go beyond minimum EU requirements?		Yes/No
What is the value of the proposed offsetting measure per year?		£
What is the value of changes in greenhouse gas emissions?		£
Will the proposal have a significant impact on competition?		Yes/No
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small
	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No
	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £	Decrease of £	Net Impact £

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

- Annual IPT yield £2.4bn
 - £200m from registered non-UK insurers

- 1230 IPT registered insurers
 - 680 (55%) non-UK insurers registered for IPT
 - 204 of which are based in the EU.

Administrative burden baseline figures

■ Burden of IPT registration

	Population	Burden per business
Micro business	105	£34.16
Small business	17	£16.98
Medium business	3	£16.89
Large business	0	£16.89

■ Annual burden of submitting IPT return

Micro business	3,305	£192.24
Small business	543	£219.68
Medium business	88	£266.76
Large business	20	£418.20

■ Burden of requesting approval for appointment of a tax representative

Small business	16	£10.53
Medium business	3	£10.44
Large business	1	£10.44

■ Burden of notifying ceasing to be a tax representative

Micro business	16	£10.33
Small business	3	£11.62

Medium business	0	£11.53
Large business	0	£11.53

■ Burden of notification of business which falls outside the de minimis concession limits

Micro business	16	£12.31
Small business	3	£8.06
Medium business	0	£7.97
Large business	0	£7.97

■ Burden of applying for exemption following the use of de minimis concession

Small business	1	£9.87
Medium business	0	£9.78
Large business	0	£9.78

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes/No	Yes/No
Small Firms Impact Test	Yes/No	Yes/No
Legal Aid	Yes/No	Yes/No
Sustainable Development	Yes/No	Yes/No
Carbon Assessment	Yes/No	Yes/No
Other Environment	Yes/No	Yes/No
Health Impact Assessment	Yes/No	Yes/No
Race Equality	Yes/No	Yes/No
Disability Equality	Yes/No	Yes/No
Gender Equality	Yes/No	Yes/No
Human Rights	Yes/No	Yes/No
Rural Proofing	Yes/No	Yes/No

Annexes

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