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## IPT Tribunal rules on Homeserve case

by Gill Montia

**Story link:** [IPT Tribunal rules on Homeserve case](#)

The UK Insurance Premium Tax (IPT) Tribunal has found that companies arranging and administering insurance contracts for clients should include IPT on their fees.

The ruling follows a test case involving Homeserve, which provides a home repair service and third-party assistance insurance for plumbing, electrical and gas heating faults.

While Homeserve manages the insurance cover by processing applications, receiving premiums, altering or renewing policies and handling claims, the insurance contract is executed directly with an insurance company.

Homeserve charges an arrangement and administration fee of £14 for its services and has argued that this fee does not form part of the insurance contract.

However, HM Revenue & Customs disagreed and the Tribunal has upheld the view that the fee does attract IPT.

According to VAT specialist accounting firm, TMF, the ruling may affect insurers that have divided their insurance and administration costs into different contracts, to limit IPT liability.

The firm's head of VAT & IPT Network, Richard Asquith, warns that if contracts do not stand up as independent, then the tax authorities may look for IPT payments.

He advises insurers and arrangers to consult with their regular tax advisors to consider their situation.

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