



HM Revenue  
& Customs

# Chargeable Events

## Are your insurers meeting their obligations?

UK Insurers

3 June 2019

# Scope of Reporting Rules

- UK-based insurers are required to report chargeable events and gains on relevant insurances to policyholders and HMRC in accordance with the rules in [ICTA88/S552](#), as amended by [ITTOIA05](#).
- In addition to issuing certificates in relation to gains, insurers are also required to submit information on qualifying policies held by individuals.
- [IPTM 7100 - Reporting Duties of UK Insurers](#)



# Certificates to Policyholders

- Certificates must be issued within 3 months of:
  - Date of event - Maturity or Full Surrender
  - End of policy year - Part Surrender
  - Date of notification - Death or Whole Assignment (for money or money's worth)
  - [IPTM 7140 - Time Limits for Delivery](#)
- Required information - Name & address of policyholder, policy number, nature and date of event, amount of the gain, number of years for top slicing relief, basic rate tax treated as paid
  - [IPTM - 7125 - Information to be Provided](#)



# Certificates to HMRC

- Insurers are also required to provide information to HMRC in the following events:
  - on chargeable events other than whole assignments if the gain, aggregated with any connected gains, exceeds half the ‘basic rate limit’ for the tax year in which the gain arises.
  - on all whole assignments for money or money’s worth, whatever the size of the gain.
  - [IPTM 7145 - Chargeable Events Certificates for HMRC](#)
- Current and previous income tax rates and bands can be found at:
  - [GOV.UK - Income Tax Rates and Allowances](#)
- For the tax year ended 5 April 2019, half the basic rate limit is £17,250.



# Certificates to HMRC continued

- To submit Chargeable Event gain data to HMRC, you will need to contact [cni.enquiries@hmrc.gov.uk](mailto:cni.enquiries@hmrc.gov.uk) to set up an insurer reference number, confirming:
  - Company name & address
  - Contact name, telephone number & email address
- Information on how to submit Chargeable Event gain information to HMRC electronically can be found here:
  - [GOV.UK - Report Chargeable Event Gains](#)
- If submitting electronically is not feasible, email [cni.enquiries@hmrc.gov.uk](mailto:cni.enquiries@hmrc.gov.uk) to discuss reporting using a paper certificate.



# Qualifying Policies

- From 6 April 2013, the annual limit for premiums payable by an individual beneficiary under qualifying policies is £3,600 in any 12 month period.
  - [IPTM 2070 - Qualifying Policies - Rules from 6 April 2013](#)
- Where a statement has been provided by a beneficiary under a policy, information in respect of qualifying policies must be submitted to HMRC, as detailed at [IPTM 2093 - Reporting Requirements for Insurers](#)
  - Please see [here](#) on how to send qualifying policy information to HMRC.
- More information on qualifying policies can be found at:
  - [IPTM 2000 - Qualifying Policies](#)



# Qualifying Policies - Variations

- A statement from the beneficiary is also required in the event of variations:
  - a policy is varied on or after 6 April 2013 and the premium period is lengthened or the premiums payable are increased
  - a policy issued before 21 March 2012 is varied on or after 6 April 2013 such that the premium period is lengthened or shortened or the premiums payable are increased or decreased
  - a qualifying policy is assigned to someone else on or after 6 April 2013 and the assignment is an excluded one
  - upon inheritance following the death of a beneficiary under a policy on or after 6 April 2013
  - [IPTM 2080 - Variations](#)                      [IPTM 2090 - Statements from Beneficiaries](#)



# HMRC Audit Team – Edinburgh/Glasgow

- HMRC has the power to audit insurers to ensure that they are administering the reporting regime fully and correctly.
- A team of auditors are responsible for conducting audits on Chargeable Events, checking that reporting duties have been carried out and certificates issued correctly and on time.
- Voluntary disclosures are encouraged from insurers. Any issues found should be disclosed to HMRC as soon as possible.
- Disclosures can be emailed to HMRC at [contactus.largebusinessscotlandandni@hmrc.gov.uk](mailto:contactus.largebusinessscotlandandni@hmrc.gov.uk)





# HMRC Audit Approach

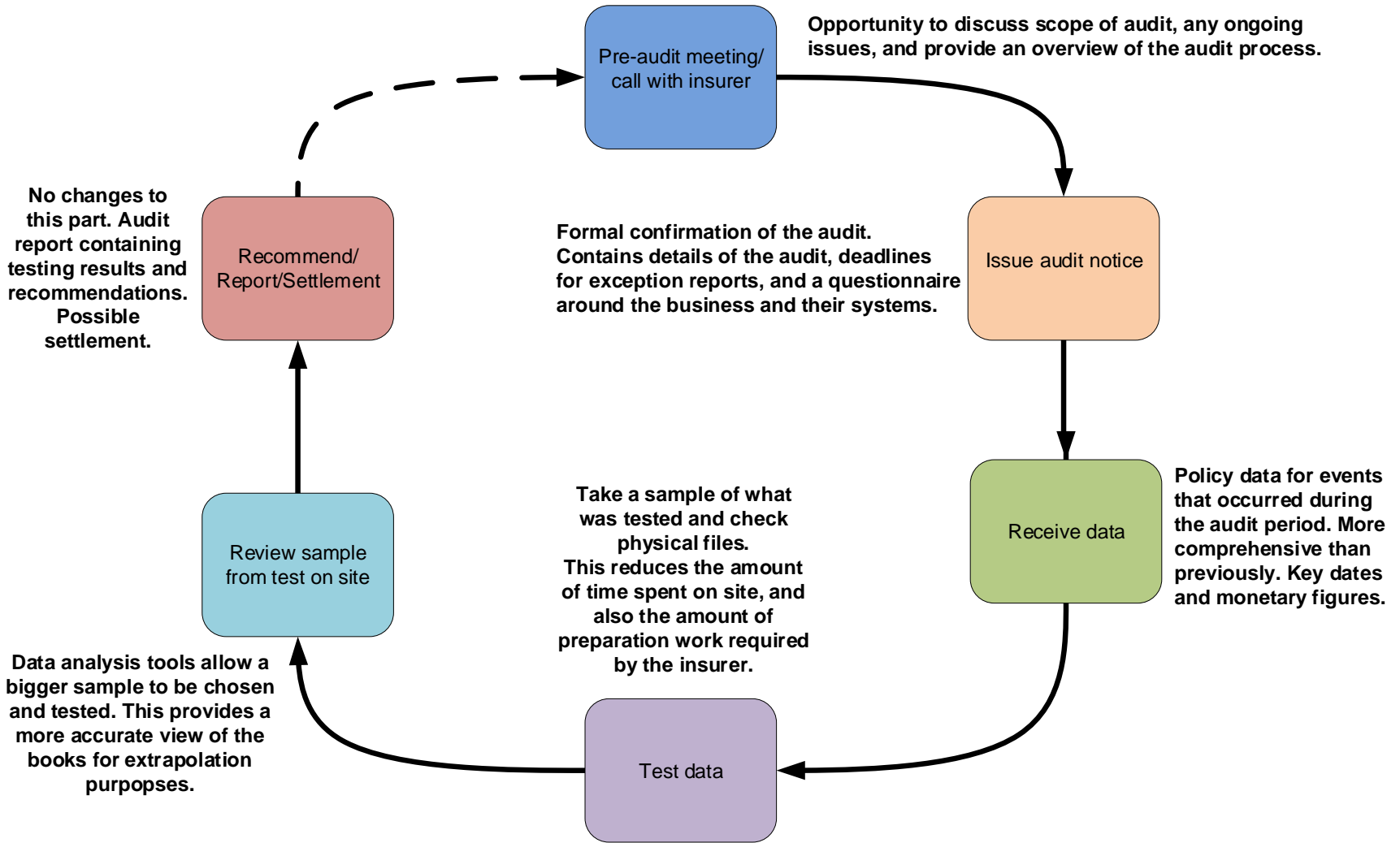
- HMRC are applying a risk based approach to the audit selection process using a scoring mechanism.
- Criteria reviewed includes volume of certificates reported, previous audits/disclosures, number of errors found and any other issues such as mergers or system changes.
- The aim is to avoid regular, routine resource-intensive audits, instead focusing on specific risks.
- There is now a greater focus on testing data remotely rather than multiple days on-site.



# HMRC Audit Approach continued

- The scope of the audit would be agreed with the business, and confirmed through the issuing of an audit notice.
- A request would be issued for data covering the audit period.
  - Previously this was sampled, and paperwork reviewed on-site.
  - With sufficient information, this would now be tested off-site.
  - If any issues are found, further data can be requested, or a shorter audit visit arranged.
- Self-audit work may still be carried out by the business and we will work with them on the most practical way to review the data.





# Penalties

- Penalties may apply if there is deemed to be a failure to comply with the requirement to issue a chargeable event certificate or is negligent in issuing an incorrect certificate.
- Initial penalties are up to £3,000 for an incorrect certificate, and £300 for a late or unissued certificate.
- The following document has more detail about the penalty process, including abatements based on the level of disclosure, co-operation and seriousness:
- [GOV.UK - Chargeable Events - Penalties for Audits & Disclosures](#)



# For Further Information

- Enquiries: HMRC  
Large Business  
Audit Team  
SO862  
Newcastle  
NE98 1ZZ
- [contactus.largebusinessscotlandandni@hmrc.gov.uk](mailto:contactus.largebusinessscotlandandni@hmrc.gov.uk)
  - Include “Chargeable Events” in the subject line
- [HMRC - Insurance Policyholder Taxation Manual \(IPTM\)](#)

