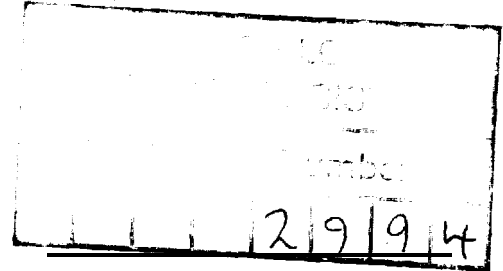


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FROM: Manager, International Tax, Taxation Department
LOCATION: TAX/86/444
EXTENSION: 6860
DATE: 18 January 1995
REFERENCE: TAX; MCM/hrc/6720s/33/X665
SUBJECT: INSURANCE PREMIUM TAX.
ACTION: Managing Agents and Underwriters to read and note.
DEADLINE: Effective Immediately.

We are now preparing the first Insurance Premium Tax Return on behalf of the syndicates which use central accounting. As part of the preparatory work for this return, certain transactions have been identified which require tax monies to be settled to or collected from syndicates. There is also certain information about business signed through LPSO which motor syndicates will need for their records: -

The following therefore needs to be done:-

- a) For motor syndicates which are not covered by the Lloyd's return ["opted-out syndicates"]:-

IPT relating to signings that have been processed by LPSO using Central Accounting Settlement needs to be settled to syndicates for onward payment to Customs & Excise.

A report will also be produced to show the IPT relating to signings which have been processed by LPSO as "paid by cheque" items.
- b) For syndicates covered by the Lloyd's central return [opted in syndicates]:-

IPT relating to those signings that have been processed as "paid by cheque" items needs to be collected from syndicates and paid to the Central Corporation Tax Account for inclusion in the total payment to Customs & Excise.

From 1 April 1995, any IPT items signed which relate to business emanating from a broker in liquidation will also be advised and collected in the same way.

New LIDS syndicate advices have been designed to provide this information and copies are attached as Appendix A. These advices will be produced in paper format at the end of each quarter with settlement of tax to or from syndicates taking place on the third Friday following the end of the quarter. The advices for the first quarter are being issued today, The first tax payment settlement will take place on 20 January. The timing will be reviewed after the first two quarters payments have been successfully completed.

The following tabulation numbers have been allocated for internal systems processing purposes, but the narrative.. text. shown.. against. each will appear on the syndicate advices produced;

<u>Tabulation Number</u>	T e x t
956 (opted in syndicates covered by central accounting)	IPT collection for liquidated broker transactions
957 (opted in syndicates covered by central accounting)	IPT collection for paid by cheque transactions
958	IPT payment for opted out syndicates, i.e. syndicates not covered by central accounting.

These three advices relate to settlements through central accounting.

When the first central return has been submitted to Customs & Excise, reports will be sent to syndicates showing the amount of taxable business and IPT reported and paid on their behalf. The information for the first two quarters will be supplied in electronic format during April 1995. Data for subsequent quarters will be available to syndicates in the month following the end of the quarter concerned. Any agents requiring details of the IPT paid during the first quarter to 31 December 1994 before April should contact Russell Flood or Susan Bowen of LPSO on extensions 2616 and 2400 respective y.

This bulletin is being sent to all managing agents, active underwriters and known computer bureaux. If you have any queries, please telephone Russell Flood (extension 261 6) or Susan Bowen (extension 2400).

Maureen McLeod

Maureen McLeod
Taxation Department