



## AVIATION RISK GUIDANCE LIST

### SPECIFIC NOTES

1. IPT applies to most forms of general insurance with a small number of clearly defined and specific exemptions. For aviation risks, the following exemptions apply:-
  - a) Reinsurance
  - b) Risks located outside the UK [see 2 below]
  - c) Risks written under classes 1,5 and 11 of schedule 2 of the Insurance Companies Act 1982, where the aircraft weighs 8,000 kilograms or more and is not used for recreation or pleasure. These classes cover accident, hull and cargo and some associated liability risks.
  
2. The rules for determining where a risk is located areas follows:-
  - a) For risks relating to buildings and their contents the physical location of the building determines the location of the risk, e.g., buildings at Heathrow airport are located in the UK and buildings at Charles de Gaulle Airport, Paris, are located outside the UK.
  - b) For risks written under classes 1, 5 and 11 of Schedule 2 of the Insurance Companies Act (that is ACCIDENT, HULL AND THIRD PARTY RISKS) the location of the risk is determined by the country of registration of the aircraft. The physical location of the aircraft is irrelevant, e.g. an aircraft that is registered in the UK but based in France is located in the UK.
  - c) For all other business the determining factor is the location of the establishment to which the risk relates or, for insurance supplied to an individual, the habitual place of residence of the assured:
    - (i) Please see section 2 of the Market bulletin dated 11 November 1994 for a detailed explanation of what is meant by establishment. **Please note that an aircraft is not a business establishment for IPT purposes.**
    - (ii) An individual is deemed to habitually reside in the country in which they intend to spend over half the period of time covered by the insurance contract.
  
3. The attached list indicates whether an aviation risk SHOULD or SHOULD NOT be taxed.

A 'Y' in the right-hand column denotes the risk is taxable, An 'N' in the right-hand column denotes the risk is non-taxable. However, the list is for guidance only and it does not, in any way, absolve the insurer of the responsibility to determine the correct liability for business he writes, using the criteria set out in 2 above.

4. The numbers in brackets after the risk description denote the class of the Insurance Companies Act 1982, under which the risk qualifies for exemption from IPT. Please note that business which is not written under classes 1, 5 and 11 may still be exempt if the policy is one of reinsurance or the risks covered are located outside the UK. (See 1 and 2 above).
5.
  - (i) "Aircraft" includes a helicopter, glider, balloon, microlight and similar. A satellite is not regarded as an aircraft for IPT purposes.
  - (ii) A contract of insurance that relates to a hovercraft is exempt from IPT regardless of its weight unless it is used for recreation or pleasure. (If the hovercraft is not registered in the UK the risk is deemed to be a non UK risk and therefore not subject to IPT.)
6. Section 1 (2) of the Insurance Companies Act 1982 allows insurers to treat a contract of insurance whose principal object is within one class of insurance business, but which contains ancillary provisions within another class or classes, as constituting business of the first mentioned class. This arrangement does not apply to IPT and such contracts should be apportioned as necessary. (Section 69 of the Finance Act 1994 requires a premium that relates to a contract that covers taxable and exempt elements to be apportioned between those elements on a just and reasonable basis.)
7. **The classifications on the list are based on information available at the date of issue. They are not binding on Customs and Excise and, in the light of further information, may be changed or modified by Customs and Excise at any time. (However, Customs and Excise will not usually seek to assess insurers for any retrospective tax liability.)**

AIRCRAFT HULL RISK CATEGORIES	Risk Code	IPT
Aircraft Hull - exempt aircraft (5)	H	N
Aircraft Hull - taxable aircraft	H	Y
Aircraft Hull War - exempt aircraft (5)	AW	N
Aircraft Hull War - taxable aircraft	AW	Y
Aircraft Loss of Use (Pecuniary Loss) - UK risk	H	Y
Aircraft Loss of Use (Pecuniary Loss) - Non-UK risk	H	N
Confiscation Risks - Aircraft - exempt aircraft (5)	AW	N
Confiscation Risks - Aircraft - taxable aircraft	AW	Y
Flying Clubs - exempt aircraft (5)	H	N
Flying Clubs - taxable aircraft	H	Y
Hi-jacking of Hulls of Aircraft - exempt aircraft (5)	AW	N
Hi-jacking of Hulls of Aircraft - taxable aircraft	AW	Y
Loss of Use, Aircraft and Hull (Pecuniary Loss) - UK risk	H	Y
Loss of Use, Aircraft and Hull (Pecuniary Loss) - Non-UK risk	H	N

**THIS LIST MUST BE READ IN CONJUNCTION WITH THE SPECIFIC NOTES ON PAGES  
1 and 2**

AIRCRAFT LIABILITY RISK CATEGORIES	Risk Code	IPT
Aircraft Operator's and Owner's Legal Liability - exempt aircraft (11)	L	N
Aircraft Operator's and Owner's Legal Liability - taxable aircraft	L	Y
Aircraft Liability - exempt aircraft (11)	L	N
Aircraft Liability - taxable aircraft	L	Y
Aviation Combined Policies, (Hull and Liabilities) - exempt aircraft (11)	1-9	N
Aviation Combined Policies, (Hull and Liabilities) - taxable aircraft	1-9	Y
Aerial Application Liability - UK risk	L	Y
Aerial Application Liability - Non-UK risk	L	N
Chemical Liability, Aviation - UK risk	L	Y
Chemical Liability, Aviation - Non-UK risk	L	N
Miscellaneous Aviation Liability - UK risk	L	Y
Miscellaneous Aviation Liability - Non-UK risk	L	N
Noise Risks - exempt aircraft (11)	L	N
Noise Risks - taxable aircraft	L	Y

AVIATION LIABILITY RISK CATEGORIES	Risk Code	IPT
Air Meet Liability - UK risk	AO	Y
Air Meet Liability - Non-UK risk	AO	N
Aviation Premises, Hangarkeepers', Refueling, Airport Owners; Contractors and Operators' Legal Liability - UK risk	AO	Y
Aviation Premises, Hangarkeepers', Refilling, Airport Owners; Contractors and Operators' Legal Liability - Non-UK risk	AO	N
Aviation Products Liabilities - UK risk	AP	Y
Aviation Products Liabilities - Non-UK risk	AP	N

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SPACE RISK CATEGORIES	Risk Code	IPT
Rockets - UK risk	L	Y
Rockets - Non-UK risk	L	N
Space Risk Third Party Liability - Launching Agency or Manufacturer or Owner - UK risk	SL	Y
Space Risk Third Party Liability - Launching Agency or Manufacturer or Owner - Non-UK risk	SL	N
Space Risk Launch - Physical Loss or Damage - UK risk	SC	Y
Space Risk Launch - Physical Loss or Damage - Non-UK risk	SC	N
Space Risk, Transponder Operating - Post Launch Period - UK risk	s o	Y
Space Risk, Transponder Operating - Post Launch Period - Non-UK risk	s o	N

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OTHER AVIATION RISK CATEGORIES	Risk Code	IPT
Aircraft Technical Records - exempt aircraft (5)	H	N
Aircraft Technical Records - taxable aircraft	H	Y
Aircraft Spares and Equipment - UK risk	H	Y
Aircraft Spares and Equipment - Non-UK risk	H	N
Aircraft Repairs or Breakdown - UK risk	H	Y
Aircraft Repairs or Breakdown - Non-UK risk	H	N
Bankers' Contingency Risks - exempt aircraft (5)	H	N
Bankers' Contingency Risks - taxable aircraft	H	Y
Hovercraft - commercial usage	H	N
Hovercraft - pleasure usage	H	Y

AVIATION PERSONAL ACCIDENT RISK CATEGORIES	Risk Code	IPT
Aviation Personal Accident - exempt aircraft (1)	<b>KK</b>	N
Aviation Personal Accident - taxable aircraft	KK	Y
Admitted Liability - exempt aircraft (1)	<b>KK</b>	N
Admitted Liability - taxable aircraft	KK	Y
Passenger Voluntary Settlement - exempt aircraft (1)	<b>KK</b>	N
Passenger Voluntary Settlement - taxable aircraft	KK	Y
Seat Personal Accident - Passengers/Crew - exempt aircraft (1)	<b>KK</b>	N
Seat Personal Accident - Passengers/Crew - taxable aircraft	KK	Y

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