



# Multi-national IPT Compliance Reviews & Healthchecks

## Tax

KPMG's IPT Compliance Reviews & Healthchecks can help you to be IPT compliant and help protect your reputation and status in the market.

### What is the issue?

In recent years IPT compliance has become a significant issue for insurers, brokers and insureds alike. For some insurers this is a commercial differentiator in the marketplace.

The insurer must charge and account for IPT correctly and have robust systems and procedures to ensure this. Weak controls can mean that IPT is under or over-charged. Under-charging may give rise to a large IPT assessment (plus interest charges and penalties) from the tax authorities which may not be recoverable from the policyholders. Over-charging IPT can mean that a product is not price-competitive and a claim for overpayment may be rejected or lost or reduced by time-capping.

IPT compliance is a key reputational and commercial matter. Corporate policyholders in particular are concerned that all relevant premium taxes/parafiscal charges have been discharged (usually by the insurer)

at the right time so that they are not left with a potential exposure that may materialise at a later date.

Such policyholders may, therefore, choose to place their business only with insurers known to have high levels of IPT compliance.

### Example 1

You are a UK insurer writing a global policy which includes coverage for risks in the UK and Germany. As the underwriting system is set up to record only UK IPT, it is decided to charge and account for UK IPT and treat the non-UK premium element as exempt from UK and outside the scope of any non-UK premium taxes. Subsequently the UK policyholder makes a recharge to its German affiliate which then triggers the German tax authorities to issue a demand for German IPT to the policyholder in the UK.



## Our approach

Being IPT compliant helps to protect your reputation and status in the market. Therefore you need sufficient comfort that you are dealing with IPT correctly and that all your IPT obligations (UK IPT and premium taxes globally) are being dealt with correctly.

KPMG's IPT compliance reviews and IPT healthchecks enable you to confirm your IPT compliance position. They give you comfort that IPT is being calculated and declared correctly and may help avoid unnecessary tax audit visits which can tie up management time.

Our reviews and healthchecks are tailored to your business requirements, ranging from a risk based healthcheck to a detailed review of your systems and procedures. We can help identify control weaknesses in your processes and procedures to enable you to focus your limited resources on the

key areas. If there are any underdeclarations we will endeavour to help you quantify these. We can also assist with discharge of retrospective liabilities to the relevant fiscal authorities, helping to construct cases for mitigation of penalties, where considered feasible. We may be able to uncover material IPT overpayments and help you reclaim them from the relevant tax authorities in a timely manner.

## Our credibility

KPMG's IPT group has extensive experience gleaned from industry and HMRC, as well as professional practice. Having performed many such reviews we are aware of the issues that can give rise to weak IPT compliance and can advise you how these can be addressed cost-effectively, for example by assisting you in drafting an internal staff guidance conduct, staff training, or the provision of up to date IPT rates to be incorporated into your underwriting systems.



## Contact us

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