

Income tax

Main personal reliefs

| | 2019/20 | 2018/19 |
|--|---------------|---------|
| | £ | £ |
| Personal allowances | | |
| Single person | 14,000 | 13,250 |
| Married couple (fully transferable between husband and wife) | 28,000 | 26,500 |
| Co-habiting couples (max) | 6,400 | 6,400 |
| One parent benefit | 6,400 | 6,400 |
| Blind person | 2,900 | 2,900 |
| Disabled person | 2,900 | 2,900 |

Other reliefs

| | | |
|--|----------------|---------|
| Relief for nursing expenses | 12,500* | 12,500* |
| Qualifying charitable donations | 7,000* | 7,000* |
| Interest paid to certain Manx lenders - max per person | 5,000* | 5,000* |

*Tax relief restricted to 10%

Income tax

Tax rates

| Personal | Rate | 2019/20 | Tax on band | Rate | 2018/19 | Tax on band |
|---------------|------|--------------------|-------------|------|--------------------|-------------|
| | | Taxable income | | | Taxable income | |
| | % | £ | £ | % | £ | £ |
| Single | 10 | 0-6,500 | 650 | 10 | 0-6,500 | 650 |
| | 20 | Over 6,500 | | 20 | Over 6,500 | |
| Married | 10 | 0-13,000 | 1,300 | 10 | 0-13,000 | 1,300 |
| | 20 | Over 13,000 | | 20 | Over 13,000 | |
| Non-residents | 20 | All | | 20 | All | |

Personal allowance credit

£400 flat rate to eligible persons
£800 to jointly assessed couples

Tax cap

From 6/4/2014 onwards an election is required for the cap to apply for 5 years

New applications starting 2019/20

| | |
|------------------|---|
| Individuals | Tax £175,000 (£150,000 in 2018/19) |
| Jointly assessed | Tax £350,000 (£300,000 in 2018/19) |
| Married Couple | |

N.B. The tax cap for both individuals and jointly assessed couples will increase as follows for elections after 6 April 2020.

| | |
|------------|-----------------|
| Individual | £200,000 |
| Couple | £400,000 |

Car and fuel benefits

Rates 2019/20 (unchanged from 2018/19)

| | Car £ | Fuel £ |
|---------------|--------|--------|
| Up to 1000 cc | 800 | 800 |
| 1001-1200cc | 1,100 | 950 |
| 1201-1800cc | 3,600 | 1,500 |
| 1801-2500cc | 5,000 | 1,750 |
| 2501-3500cc | 7,000 | 2,000 |
| 3501-5000cc | 10,000 | 2,250 |
| Over 5000cc | 12,000 | 2,500 |

- No charge for electric cars
- No high mileage discount or low mileage uplift
- No second car uplift i.e. same rate applies

Company vans

With effect from 6 April 1994, no benefit will arise from private use of company vans provided that they are primarily used for the purpose of the company's trade.

Value added tax

Standard Rate
From 4/1/2011
20.00%

Registration level
From 1/4/17
Annual Turnover
£85,000

Income tax for companies

Companies pay income tax and not a separate corporate tax. For accounting years ending on or after 6 April 2007 the basis is the company's year end as opposed to the income tax year end.

Rates of income tax for companies

| | 2019/20 | 2018/19 |
|--|------------|---------|
| Land & property in the Isle of Man | 20% | 20% |
| Banking business | 10% | 10% |
| Retail business with profits over £500,000 | 10% | 10% |
| All other income | 0% | 0% |

Tax on dividends paid to non-residents

There is no withholding tax on dividends paid to non-residents.

Compulsory online filing

For accounting periods ending on or after 5 April 2015, companies have to file their tax returns online.

Land development tax holiday

A 'land development tax holiday' is available to eligible businesses. The holiday provides exemption from income tax for any relevant income or profits of a company for up to 5 years. The tax holiday applies to the proportion of taxable profit relating to the development or improvement of commercial property, including rental income, commencing after 16 February 2016.

National insurance contributions

Class 1

Not contracted out

| Weekly pay | Employee | Employer |
|-------------------|----------|----------|
| First £125 | Nil | Nil |
| Next £659 | 11% | 12.8% |
| Balance over £784 | 1% | 12.8% |

Contracted Out Salary Related (COSR)

Contracting out abolished from 6 April 2019

Class 2 Self-employed £5.40 per week.

Class 3 Voluntary £15.00 per week.

Class 4 Self-employed 8% of profits between £6,500 and £40,768 a year and 1% on profits above £40,768

The proposal to abolish Class 2 and increase Class 4 with effect from 5 April 2019 has been withdrawn.

A National Insurance Holiday scheme is introduced from 6 April 2019. Under this scheme new residents and returning students can claim back contributions paid in their first 12 months of employment in the Isle of Man. Earnings and employment conditions apply.

Pensions

Annual maximum contribution £50,000 (£50,000 2018/19)

Tax relief up to 100% of net relevant earnings or £50,000, whichever is the lower. Tax relief on up to £3,600 even if net relevant earnings are less than this amount.

The trivial commutation sum limit for any pension scheme or arrangement approved by the Assessor increased to £100,000 with effect from 6 April 2018. The age at which it can be taken remains at 55.

Legislation allows for a new pension product from 6 April 2018. This permits a member over 55 to take a tax free lump sum of up to 40% from this new product, and to have full access to the remaining funds. These remaining funds will be taxable during lifetime.

Capital allowances

Plant & machinery

First Year Allowance 100% – Writing Down Allowance 25%

Industrial buildings

Initial Allowance 100% – Writing Down Allowance 4%

Agricultural buildings

Initial Allowance 100% – Writing Down Allowance 4%

Tourist premises

Initial Allowance 100% – Writing Down Allowance 10%

Plant & machinery leased to non-resident individuals/companies

First Year Allowance 100% – Writing Down Allowance 25%

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Key contacts

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Tax Facts

2019/20

Isle of Man Budget 2019

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