INCOME TAX ACT 1970
## Index

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PART 1 – LIABILITY TO INCOME TAX</strong></td>
<td>15</td>
</tr>
<tr>
<td>1</td>
<td>Imposition of income tax</td>
</tr>
<tr>
<td>1A</td>
<td>[Repealed]</td>
</tr>
<tr>
<td>2</td>
<td>Income on which tax is payable</td>
</tr>
<tr>
<td>2ZA</td>
<td>Election for income tax cap to be applied</td>
</tr>
<tr>
<td>2ZB</td>
<td>Income tax cap</td>
</tr>
<tr>
<td>2ZC</td>
<td>Payment of the income tax cap amount</td>
</tr>
<tr>
<td>2ZD</td>
<td>Interpretation of section 2ZA</td>
</tr>
<tr>
<td>2A</td>
<td>Temporary tax exemption for certain eligible businesses</td>
</tr>
<tr>
<td>2B</td>
<td>Revocation of exemption in cases of abuse</td>
</tr>
<tr>
<td>2C</td>
<td>Basis of assessment of income from any office or employment</td>
</tr>
<tr>
<td>2D</td>
<td>and 2E [Repealed]</td>
</tr>
<tr>
<td>2F</td>
<td>Payments in respect of expenses</td>
</tr>
<tr>
<td>2G</td>
<td>Benefits in kind</td>
</tr>
<tr>
<td>2H</td>
<td>Cash equivalents of benefits charged under s 2G</td>
</tr>
<tr>
<td>2I</td>
<td>Cars available for private use</td>
</tr>
<tr>
<td>2J</td>
<td>Car fuel</td>
</tr>
<tr>
<td>2K</td>
<td>Pooled cars</td>
</tr>
<tr>
<td>2KA</td>
<td>Sections 2F to 2K: supplementary</td>
</tr>
<tr>
<td>2L</td>
<td>Mariners’ foreign earnings</td>
</tr>
<tr>
<td>2M</td>
<td>Taxation of members of limited liability companies</td>
</tr>
<tr>
<td>2MA</td>
<td>Taxation of limited partnerships with legal personality</td>
</tr>
<tr>
<td>2N</td>
<td>Residence of Isle of Man incorporated companies</td>
</tr>
<tr>
<td>2O</td>
<td>Assessment where 1986 Act companies are in actual residence in Isle of Man</td>
</tr>
<tr>
<td>2P</td>
<td>Company ceasing to be 1986 Act company</td>
</tr>
<tr>
<td>2PA</td>
<td>Meaning of distribution</td>
</tr>
<tr>
<td>2PB</td>
<td>Anti-avoidance</td>
</tr>
<tr>
<td>2Q</td>
<td>Charge to tax on realised profit comprised in discount</td>
</tr>
<tr>
<td>2R</td>
<td>Meaning of “relevant discounted security”</td>
</tr>
<tr>
<td>2S</td>
<td>Meaning of “transfer”</td>
</tr>
</tbody>
</table>
Index

2T Redemption to include conversion ................................................................. 39
2U Other transactions deemed to be at market value ........................................... 39
2V Issue of securities in separate tranches ......................................................... 39
2W Excluded indexed securities ........................................................................... 40
2X Gilt strips ........................................................................................................... 41
2Y Realised losses on discounted securities ........................................................ 42
2Z General interpretation ....................................................................................... 42
3 and 4 [Repealed] ............................................................................................... 43
5 Assessment of new resident non-corporate taxpayers ....................................... 43
6 and 7 [Repealed] ............................................................................................... 43
7A Non-corporate taxpayers: cessation ................................................................. 43
7B Individuals: death ........................................................................................... 43
8 Voluntary pensions liable to tax ......................................................................... 44
9 Temporary absentees to be charged as residents ............................................... 44
10 Temporary residents to be charged after six months of residence .................. 44
11 Assessment of profits of non-residents ........................................................... 45
11A Limit on income chargeable on non-residents ............................................... 45
12 to 13M [Repealed] ........................................................................................ 47
14 Valuation of trading stock on cessation of trade .............................................. 47
14A to 14D [Repealed] ......................................................................................... 48

PART 2 - EXEMPTIONS, ALLOWANCES AND RELIEF ........................................ 48
15 Incomes exempt from income tax ..................................................................... 48
16 Disablement pensions exempt from tax ............................................................ 48
16A [Repealed] ..................................................................................................... 49
16B Jurors' remuneration: exemption ................................................................. 49
16C Maintenance payments: exemption .............................................................. 49
16D Periodical payments of personal injury damages exempt from tax ............ 50
16E Persons entitled to exemption for personal injury payments ....................... 50
16F Payments from trusts for injured persons exempt from tax ....................... 50
17 Agricultural societies exempt from tax ............................................................ 51
18 Exemptions for friendly societies ................................................................. 51
18A Boards and local authorities to be exempt from tax ................................... 52
19 Industrial societies exempt from tax ............................................................... 52
20 Members of friendly and industrial societies ................................................... 52
20A to 20F [Repealed] ......................................................................................... 53
21 [Repealed] ..................................................................................................... 53
21A Interest on certain Government securities exempt from tax ....................... 53
22 Easter offerings exempt from tax ..................................................................... 53
23 Certain subsistence allowances exempt from tax .......................................... 54
24 Governor's salary, etc, exempt from tax ......................................................... 54
25 Corporate taxpayers no deduction for distributed income ............................ 54
25A Distributed income: tax credit voucher ....................................................... 54
25B Value of a tax credit voucher ........................................................................ 55
25C Voucher a credit against income tax ............................................................ 55
26 [Repealed] ..................................................................................................... 55
27 Deduction for remuneration of trustees .......................................................... 55
27A Provision of reliefs and allowances for trading losses and capital expenditure .................................................................................................................. 56
28 [Repealed] ........................................................................................................ 56
29 Reliefs for certain capital expenditure .............................................................. 56
30 Crime-related payments ................................................................................... 57
31 No deduction allowed for capital employed ..................................................... 57
31A Deductions in prescribed cases .................................................................... 58
31B Expenses defrayed from remuneration .......................................................... 58
31C Compensation schemes .................................................................................. 59
31D [Repealed] ...................................................................................................... 59
32 No deduction allowed for gratuitous allowances ............................................. 59
32A [Repealed] ...................................................................................................... 60
33 Deductions to be allowed in ascertaining taxable income and liability to income tax ....................................................................................................................... 60
34 and 34A [Repealed] .......................................................................................... 60
35 Personal allowance ........................................................................................... 60
35A Allowance for blind persons .......................................................................... 61
35B Allowance for disabled persons .................................................................... 62
35C Personal allowance for non-residents ............................................................. 62
35D Cessation of non-residence ........................................................................... 62
35E Cessation of residence .................................................................................... 62
36 to 38 [Repealed] ............................................................................................... 63
39 [Repealed] ......................................................................................................... 63
39A Additional relief in respect of children: single persons .................................. 63
39AA Relief in respect of nursing expenses ........................................................... 63
39B Additional relief in respect of children: persons living together for the whole year ...................................................................................................................... 65
39C Additional relief in respect of children: persons living together for part of the year ................................................................................................................. 66
39D Sections 39A to 39C: supplementary ............................................................ 66
40 to 43 [Repealed] ............................................................................................... 67
43A Age-Relief: income support ........................................................................... 67
43B Age allowance ................................................................................................ 68
44 [Repealed] ......................................................................................................... 68
44A Deduction for provision for surviving spouse, civil partner and children ...... 68
44B Lump sum benefits on retirement ................................................................... 68
45 to 47 [Repealed] ............................................................................................... 69
48 Social security benefits liable to tax ................................................................. 69
48A Relief in respect of payments on retirement, etc ............................................. 70
48B Statutory redundancy payments ..................................................................... 71
48C Medical insurance: relief .............................................................................. 72
48D Eligible contacts ............................................................................................. 73
49 Retirement annuities (relief for premiums) .................................................... 74
49A Contracts for dependants or life insurance .................................................... 78
50 Nature and amount of relief for qualifying premiums ..................................... 79
PART 3 - RELIEF ETC FOR INTERNATIONAL PERSONAL AND OCCUPATIONAL PENSION SCHEMES

50A Carry-forward of unused relief under s 50............................................. 81

PART 4 - CONTINUATION OF EXEMPTIONS, ALLOWANCES AND RELIEF

51 Amendments as to friendly societies.......................................................... 87
52 Purchased life annuities other than retirement annuities.......................... 87
53 Treatment of retirement annuities and purchased life annuities................. 90
54 [Repealed].................................................................................. 91
55 Tax credits ......................................................................................... 91
55A Relief in respect of repayment of certain tax credits .............................. 93
56 [Repealed].................................................................................. 94
57 Relief in respect of tax in other territories............................................... 94
58 Relief on rental income........................................................................ 96
58A Relief on rental income: pooling........................................................... 97
59 Carry forward against subsequent rents............................................... 98
60 Allowances to be given to individuals only............................................ 98
61 Allowances not given to non-residents................................................... 98
61A Tax treatment of VAT penalties etc and repayment supplement........... 98

PART 5 - CHARITIES

61B and 61C [Repealed] ........................................................................ 99
61D Donations by associations to charities.................................................. 99
61E Donations by individuals to charities..................................................... 100
61F Regulations for ss 61D and 61E............................................................ 100

PART 5A – RELIEF ETC FOR OTHER PERSONAL AND OCCUPATIONAL PENSION SCHEMES

61G Definitions for this Part ...................................................................... 100
61H Relief for certain personal and occupational pension schemes............. 101
61I Deduction from relevant earnings......................................................... 103
61J Deduction to be allowed as an expense................................................ 103
61K Transfer of approved scheme to pension scheme approved under section
61H ........................................................................................................ 104
61L Withdrawal of funds during life of member........................................... 105
61M Charge to tax on payment of pension.................................................. 105
61N Lump sum payment............................................................................ 106
61O Employer’s contributions.................................................................... 106
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>61P</td>
<td>Commutation of member’s pension after death of member</td>
</tr>
<tr>
<td>61Q</td>
<td>Charge to tax: unauthorised payments</td>
</tr>
<tr>
<td>61R</td>
<td>Supplementary charge on unauthorised payments</td>
</tr>
<tr>
<td>61S</td>
<td>Charge on excess contributions</td>
</tr>
<tr>
<td>61T</td>
<td>Winding up of scheme</td>
</tr>
<tr>
<td>61U</td>
<td>Administration</td>
</tr>
<tr>
<td>61V</td>
<td>Recycling of funds</td>
</tr>
<tr>
<td>61W</td>
<td>Reporting requirement</td>
</tr>
<tr>
<td>61X</td>
<td>Information: offences</td>
</tr>
<tr>
<td>62</td>
<td>Returns to be returned annually</td>
</tr>
<tr>
<td>62AA</td>
<td>Suspension of requirement to submit annual return</td>
</tr>
<tr>
<td>62A</td>
<td>Cessation of residence: return</td>
</tr>
<tr>
<td>62B</td>
<td>Production and auditing of accounts</td>
</tr>
<tr>
<td>62C</td>
<td>Production and auditing of accounts of corporate taxpayer</td>
</tr>
<tr>
<td>63</td>
<td>Return in respect of partners</td>
</tr>
<tr>
<td>63A</td>
<td>Returns in respect of members of limited liability companies</td>
</tr>
<tr>
<td>63B</td>
<td>Power to call for documents</td>
</tr>
<tr>
<td>63C</td>
<td>Power to call for information relating to beneficial ownership</td>
</tr>
<tr>
<td>63D</td>
<td>Falsification, etc of documents</td>
</tr>
<tr>
<td>64</td>
<td>[Repealed]</td>
</tr>
<tr>
<td>65</td>
<td>Spouses and civil partners - separate treatment</td>
</tr>
<tr>
<td>65A</td>
<td>Election for joint treatment</td>
</tr>
<tr>
<td>65B</td>
<td>Conditions for joint treatment</td>
</tr>
<tr>
<td>65C</td>
<td>Elections</td>
</tr>
<tr>
<td>65D</td>
<td>Jointly held property</td>
</tr>
<tr>
<td>65E</td>
<td>Meaning of “living together”</td>
</tr>
<tr>
<td>65F</td>
<td>Revocation of joint treatment election</td>
</tr>
<tr>
<td>65G</td>
<td>Cessation of joint treatment election</td>
</tr>
<tr>
<td>65H</td>
<td>Transfer of unused allowances, etc in year of death</td>
</tr>
<tr>
<td>65I</td>
<td>Transfer of unused allowances in year of marriage or formation of civil partnership</td>
</tr>
<tr>
<td>65J</td>
<td>Supplementary provisions</td>
</tr>
<tr>
<td>66</td>
<td>Corporate taxpayers: returns</td>
</tr>
<tr>
<td>B66</td>
<td>Compulsory online filing of corporate income tax returns</td>
</tr>
<tr>
<td>66</td>
<td>Returns in respect of companies</td>
</tr>
<tr>
<td>67</td>
<td>Information to be given by employers</td>
</tr>
<tr>
<td>68</td>
<td>Return by attorneys, agents and guardians</td>
</tr>
<tr>
<td>69</td>
<td>Principal and agent to be named in assessment</td>
</tr>
<tr>
<td>70</td>
<td>Chargeability of agent of non-resident person</td>
</tr>
<tr>
<td>71</td>
<td>Requisition on persons to deduct tax from payments to non-residents</td>
</tr>
<tr>
<td>72</td>
<td>[Repealed]</td>
</tr>
<tr>
<td>73</td>
<td>Tax deducted based on income of current year</td>
</tr>
<tr>
<td>74</td>
<td>Individual remains liable until tax is paid</td>
</tr>
<tr>
<td>75</td>
<td>Deduction of tax from payments to non-residents</td>
</tr>
</tbody>
</table>
PART 9 – INTERNATIONAL ARRANGEMENTS

DIVISION 1 – PRELIMINARY

104A Definitions for Part..........................................................166

DIVISION 2 – DECLARATION OF ARRANGEMENT

104B Power to make declarations about arrangements.................167
104C Other matters for which an arrangement order may provide ..........168
104D Regulations to give effect to international arrangement................168
104E Effect of international arrangement........................................169

DIVISION 3 – INFORMATION: RESTRICTIONS ON DISCLOSURE AND USE

104F Incoming information ..........................................................169
104G Outgoing information ..........................................................169
104H Depositions for international arrangements.............................169
104I Offence: unlawful disclosure of protected information...............170

PART 10 - ADMINISTRATION

105 Assessor and other officers......................................................171
105AA Authorised officers: appointment ........................................172
105AB Authorised officers: identity cards........................................172
105AC Production or display of identity card....................................173
105A Unlawful assumption of character of officer, etc.........................173
105B [Repealed].................................................................173

PART 11 – INFORMATION AND EVIDENCE

105BB Regulations about record-keeping......................................173
PART 12 - COURT ORDERS TO DELIVER DOCUMENTS, ETC

105H Orders for the delivery of taxpayer’s documents etc. ........................................... 181
105I Orders for the delivery of documents or information relating to taxpayer .......... 181
105J Ss 105H and 105I: supplementary .................................................................. 182
105K Ss 105H and 105I: notices and procedures ...................................................... 182
105L Falsifying or concealing documents or information ........................................ 184
105M Entry with warrant to obtain material ............................................................. 185
105N Procedure where documents etc are removed .................................................. 186
105O Interpretation of ss 105C to 105N ................................................................. 187
105P [Repealed]........................................................................................................ 188
105Q [Repealed]........................................................................................................ 188

PART 12A — INTERNATIONAL ARRANGEMENTS: SUPPLEMENTARY PROVISIONS

105OAModification of Parts 11 and 12 for international arrangements .......................... 188
105OB Modification of Part 11 ............................................................................... 188
105OC Modification of Part 12 ............................................................................... 190

PART 13 – AUTHORISED OFFICERS: INSPECTION AND DOCUMENT POWERS

DIVISION 1 – PRELIMINARY

105R Definitions for Part ...................................................................................... 191

DIVISION 2 – INSPECTION OF BUSINESS PREMISES

105S Inspection powers ..................................................................................... 192
105T Restrictions on inspection powers ............................................................... 192
105U Approval by High Bailiff .......................................................................... 192
105V Notice requirement for making approved inspection ....................................... 193
105W Power to mark assets and record information ............................................... 193
105X Power to require reasonable assistance ........................................................ 194
105Y Offence: contravention of assistance requirement ........................................... 194

DIVISION 3 — DOCUMENT-RELATED POWERS

105Z Application of Division ................................................................................ 195
105ZA Power to copy or take extracts .................................................................. 195
105ZB Removal and retention powers .................................................................. 195
105ZC Safeguards for removal power .................................................................. 195

DIVISION 4 — CIVIL PENALTY FOR CONTRAVENING ASSISTANCE REQUIREMENT OR OBSTRUCTING APPROVED INSPECTION

105ZD Power to impose civil penalty .................................................................. 196
105ZE Further civil penalty for continued contravention or obstruction .................. 196
105ZI Order-making power to vary penalty amounts ........................................... 198

PART 14 - CONFIDENTIALITY AND DISCLOSURE OF INFORMATION 198

A106 Definitions for this Part .................................................................................. 198
106 Information confidential .................................................................................... 198
106A Disclosure of information between the Assessor and the Collector of Customs and Excise .............................................................. 200
106B Disclosure of information by Treasury etc ..................................................... 201
106C Disclosure of information by the Assessor to the Treasury ............................ 202
106D Disclosure of information to enforcing authorities, etc ............................... 203
106E Disclosure of information to Treasury and Assessor by certain authorities .... 203
106F Disclosure of information between the Assessor and the Department of Education, Sport and Culture ......................................................... 204

PART 15 - REPAYMENTS 205

107 Repayment of tax ......................................................................................... 205
107A Repayment supplements: corporate taxpayers .............................................. 205
107B Repayment supplements: non-corporate taxpayers ..................................... 207

PART 16 - DIFFERENTIAL TAX RATES: ANTI-AVOIDANCE 209

DIVISION 1 – ANTI-AVOIDANCE PROVISIONS 209

A108 Loans to participators, etc ............................................................................ 209
B108 Section A108: treatment of certain loans .................................................. 209
C108 Loans through intermediaries, etc ................................................................. 211
D108 Effect of release, etc of debt in respect of loan under section A108 ............... 211
E108 Returns ......................................................................................................... 213

DIVISION 2 – DEFINITIONS FOR PART 214

F108 Participator .................................................................................................... 214
G108 Associate ...................................................................................................... 214
H108 Director ........................................................................................................ 215
I108 Associated corporate taxpayer ...................................................................... 215
J108 Loan creditor ................................................................................................. 216

PART 17 - PENALTIES 217

108 Failing to deliver a return or making untrue return ......................................... 217
109 Obstructing officers ....................................................................................... 217
110 False statements made to obtain allowances .................................................. 217
111 Fraudulent conversion of property or making fraudulent statements .......... 217
111A Interest on overdue tax .............................................................................. 218
111B Interest on tax recovered to make good loss due to tax-payer’s default ....... 220
## PART 18 - TAX RETURN DEFAULTERS - CIVIL PENALTIES 220

### DIVISION 1 – NON-CORPORATE TAXPAYERS 220

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>111C</td>
<td>Initial default</td>
</tr>
<tr>
<td>111D</td>
<td>Extended default</td>
</tr>
<tr>
<td>111E</td>
<td>Mitigation of penalties under sections 111C and 111D</td>
</tr>
<tr>
<td>111F</td>
<td>Sections 111C to 111E: supplementary</td>
</tr>
<tr>
<td>111G</td>
<td>Amount of penalty</td>
</tr>
<tr>
<td>111H</td>
<td>Collection of penalty</td>
</tr>
<tr>
<td>111I</td>
<td>Appeals</td>
</tr>
<tr>
<td>111J</td>
<td>Criminal offence: failure to make return</td>
</tr>
</tbody>
</table>

### DIVISION 2 - CORPORATE TAXPAYERS 223

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>112A</td>
<td>Initial default</td>
</tr>
<tr>
<td>112B</td>
<td>Extended default</td>
</tr>
<tr>
<td>112C</td>
<td>Mitigation of penalties under sections section 112A or 112B</td>
</tr>
<tr>
<td>112D</td>
<td>Section 112A or 112B: supplementary</td>
</tr>
<tr>
<td>112E</td>
<td>Amount of penalty</td>
</tr>
<tr>
<td>112F</td>
<td>Amount of penalty: successive defaults</td>
</tr>
<tr>
<td>112G</td>
<td>Penalty notice</td>
</tr>
<tr>
<td>112H</td>
<td>Collection of penalty</td>
</tr>
<tr>
<td>112I</td>
<td>Criminal offence: failure to make return</td>
</tr>
<tr>
<td>112J</td>
<td>Appeals</td>
</tr>
</tbody>
</table>

## PART 19 – EVASION OFFENCE AND GENERAL PROVISIONS ABOUT OFFENCES 226

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>112K</td>
<td>Offence: fraudulent evasion of income tax</td>
</tr>
<tr>
<td>112L</td>
<td>Penalty where no other punishment is provided</td>
</tr>
<tr>
<td>113</td>
<td>Proceedings for offences</td>
</tr>
<tr>
<td>114</td>
<td>Onus of proof on defendant</td>
</tr>
<tr>
<td>115</td>
<td>Onus of disproving guilty knowledge on defendant</td>
</tr>
</tbody>
</table>

## PART 20 - TEMPORARY TAXATION ORDERS 227

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>115A</td>
<td>Temporary taxation orders</td>
</tr>
</tbody>
</table>

## PART 21 - MISCELLANEOUS 231

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>116</td>
<td>Service of documents</td>
</tr>
<tr>
<td>117</td>
<td>Failure of Assessor to act not to invalidate subsequent action</td>
</tr>
<tr>
<td>118</td>
<td>Effect of mistakes</td>
</tr>
<tr>
<td>118A</td>
<td>Exclusion of extended limitation period</td>
</tr>
<tr>
<td>119</td>
<td>Power of Tynwald to vary rates of allowances, etc, by resolution</td>
</tr>
<tr>
<td>119A</td>
<td>Meaning of “control” in certain contexts</td>
</tr>
<tr>
<td>119B</td>
<td>Territorial sea</td>
</tr>
<tr>
<td>119C</td>
<td>Connected persons</td>
</tr>
<tr>
<td>119D</td>
<td>Power to pay rewards</td>
</tr>
<tr>
<td>119E</td>
<td>Beginning and ending of accounting periods</td>
</tr>
</tbody>
</table>
119F Powers of Assessor in doubtful cases ................................................................. 237
119G Public documents to take account of civil partnerships .................................................. 237
120 Definitions ..................................................................................................................... 238
121 [Repealed] ..................................................................................................................... 241
122 Short title .......................................................................................................................... 241
123 Commencement and application ................................................................................. 241

SCHEDULE 1 .......................................................................................................................... 243
RETIREMENT ANNUITIES - AMOUNT OF RELIEF FOR PERSONS OVER FIFTY 243

SCHEDULE 1A .......................................................................................................................... 243
FORM OF WARRANT FOR DISTRAINT FOR OVERDUE INCOME TAX 243

SCHEDULE 1B .......................................................................................................................... 244
TAXATION IN RESPECT OF CARS AND FUEL 244

SCHEDULE 2 ................................................................................................................................ 245

SCHEDULE 2A ................................................................................................................................ 245
PETROLEUM EXPLORATION AND EXPLOITATION 245

SCHEDULE 3 ................................................................................................................................ 249
SAVINGS AND TRANSITIONAL PROVISIONS FOR INCOME TAX ACT 2013 249

ENDNOTES .................................................................................................................................... 251
TABLE OF LEGISLATION HISTORY 251
TABLE OF RENUMBERED PROVISIONS 251
TABLE OF ENDNOTE REFERENCES 251
INCOME TAX ACT 1970

Received Royal Assent: 24 March 1970
Passed: 19 May 1970
Commenced: 19 May 1970 & s 123(2)

AN ACT to consolidate the Income Tax Acts.

GENERAL NOTES
1. The maximum fines in this Act are as increased by the Fines Act 1986 and by the 
   Criminal Justice (Penalties, Etc.) Act 1993 s 1.
2. References to a Board of Tynwald are to be construed as references to a 
   Department in accordance with the Government Departments Act 1987 s 7.
3. References to the Treasurer are to be construed in accordance with the Treasury 
   Act 1985 s 7.
4. See SD352/09 Rules of the High Court of Justice 2009 Sch 15.1 para 3 reproduced 
   below:
   “3. In any statutory provision a reference to a petition of doleance shall be 
   construed as an application to the court in accordance with — 
   (a) Chapter 9 of Part 13 (review of detention) 
   (b) rule 14.16 (appeal by way of case stated), or 
   (c) Chapter 2 of Part 14 (review of lawfulness of decision etc), 
   as the case may require.”

PART 1 – LIABILITY TO INCOME TAX

1 Imposition of income tax
[1946/4; 1962/1]

(1) From and after the coming into force of this Act, there shall be raised, 
   levied, collected, and paid, in the manner hereinafter in this Act 
   provided, an annual tax, to be called “income tax” on all incomes 
   derived from property, professions, trade, salaries, wages, pensions,
annuities, fees, emoluments, commissions, employments, or vocations, or
from any source whatsoever.

(2) In the case of an individual who is resident in the Island, income tax shall
be payable in respect of every income tax year —

(a) at the lower rate on every pound of taxable income up to and
including the threshold; and

(b) at a prescribed rate on every pound of taxable income in excess of
the threshold.²

(2A) All other persons who are resident in the Island shall pay income tax at
the prescribed rate on every pound of taxable income.³

(3) In the case of a person who is not resident in the Island, income tax shall
be payable in respect of every income tax year at the prescribed rate on
every pound of Manx income.⁴

(3A) In this section —

“the lower rate” means such rate of income tax as may be determined by order
made by the Treasury as being the lower rate;

“Manx income” means income derived from any trade, profession, employment
or vocation carried on in the Island and from any other source
whatsoever within the Island;

“prescribed rate” means such rate of income tax as may be determined by order
made by the Treasury;

“the threshold” means such amount of taxable income as may be determined by
order made by the Treasury as being the threshold for the payment of the
prescribed rate under subsection (2).⁵

(3B) An order under this section —

(a) may specify different rates for different provisions, purposes or
different classes of person and in respect of income of different
classes, amounts or sources;

(b) may require that tax shall be payable at such rate as is specified in
the order in respect of the income of a person even if a provision
of the Income Tax Acts or any other enactment (which shall be
specified in the order) —

(i) exempts or enables the exemption of such person or
income from payment of income tax (for example managed
banks and exempt insurance companies); or

(ii) prescribes or enables the prescription of a rate of income
tax in respect of such person or income different to that
specified in the order (for example international
companies);

(c) may specify a zero income tax rate;
(d) may, where a zero rate is specified under paragraph (c), specify an alternative rate to apply in place of the zero rate in the event that such circumstances as are specified in the order arise;

(e) may make the application of any rate subject to conditions;

(f) may include supplemental and transitional provisions.  

(3BA) An order under this section may include provision for the protection of the revenue and for the exclusion of group relief in cases where any income of a surrendering company is assessed to income tax at a different rate to any income of a claimant company and accordingly, such an order may modify the operation of Schedule 2 to the *Income Tax Act 1980*.  

(3C) An order under this section may include provision repealing or amending any provision of an enactment (other than this section) —

(a) which is inconsistent with, or is unnecessary or requires modification in consequence of, the order; or

(b) without prejudice to the generality of paragraph (a), which is specified in an order under subsection (3B)(b) or is supplementary to such a provision.  

(3D) Subsection (3B) shall not limit the operation of Part 5 of the *Interpretation Act 2015* (functions and powers).  

(3E) An order under this section shall not come into operation unless it is approved by Tynwald.  

(4) Every person receiving income or to whom income shall accrue shall, in respect of such income, pay an annual income tax as herein provided.  

1A [Repealed]  

2 **Income on which tax is payable**  

[1946/5(1)] The income in respect of which income tax is imposed by this Act shall, subject to the exceptions, exemptions, and provisions hereinafter contained, include —

(a) income arising or accruing to any person residing in the Isle of Man and derived from the annual profits or gains of or in respect of or from any kind of property whatsoever, whether situate or being in the Isle of Man or elsewhere, or derived from the annual profits or gains of or in respect of or from any profession, trade, employment, or vocation, whether they shall be respectively carried on in the Isle of Man or elsewhere;

(b) income arising or accruing to any person not residing in the Isle of Man, whether a subject of Her Majesty or not, and derived from
the annual profits or gains of or in respect of or from any kind of property whatsoever in the Isle of Man, or derived from the annual profits or gains of or in respect of or from any profession, trade, employment, or vocation carried on in the Isle of Man;

c) income arising or accruing to any person whether residing in the Isle of Man or not, and derived from any public office or employment of profit or from any pension payable out of the public revenue of the Isle of Man;

d) income arising or accruing to any person residing in the Isle of Man and derived from pensions received from any source out of the Isle of Man;

e) income arising from gratuities made to or received by any employed person by reason of or in the course of his employment;

f) remuneration to which section 2AD (deeming for 1970 Act) of the Income Tax (Instalment Payments) Act 1974 (the “1974 Act”) applies;\(^{12}\)

(fa) payments directed under section 6 (Assessor’s powers in doubtful cases) of the 1974 Act to be remuneration for the purposes of that Act;\(^{13}\)

g) and generally income arising or accruing to any person residing in the Isle of Man and derived from any source whatsoever in or out of the Isle of Man and income arising or accruing to any person not residing in the Isle of Man, whether a subject of Her Majesty or not, and derived from any source whatsoever in the Isle of Man.\(^{14}\)

Profit from export sales

[1946/5(4)]

(2) Profit derived from anything produced in or imported into the Isle of Man, which is sold or exported out of the Isle of Man, whether such profit is derived in the Isle of Man or not, shall be deemed to be income derived from a source in the Isle of Man.

2ZA  Election for income tax cap to be applied

(1) An election may be made by an individual resident in the Isle of Man for income tax purposes.

(2) An election must be made in writing to the Assessor in such form, and including such information, as the Assessor may specify.

(3) The Assessor may approve an election if satisfied that the individual’s income in each year of assessment to which the election applies will be such that the amount of tax otherwise payable would be greater than the income tax cap amount.
(4) If the Assessor approves an election it remains in force for five consecutive years of assessment, subject to subsection (7).

(5) An election received on or before 5 April, if approved, applies for the year of assessment commencing on the following 6 April and for the four years of assessment immediately following.

(6) An individual who commences residence in the Island during a year of assessment may make an election for that part year of assessment and the four years immediately following if the election is made within 60 days of commencing residence in the Island.

(7) At the absolute discretion of the Assessor, an election may in exceptional circumstances —
   (a) be revoked before the end of the five year period for which it applies on the application of the individual to whom it applies; or
   (b) be approved late.

(8) An application under subsection (7)(a) must be in the form and manner required by the Assessor.

(9) The approval of an election under subsection (3) or (7)(b) does not affect the requirement of an individual to make and deliver an annual return in accordance with section 62 or any other requirements to which they are subject under the provisions of the Income Tax Acts.

(10) Subsection (11) applies if it is proved to the satisfaction of the Assessor that, in consequence of the election, an individual’s total income tax liability for all of the years of assessment to which the election has applied is greater than the individual’s total income tax liability would have been for those years of assessment if the election had not been made.\(^\text{15}\)

(11) If this subsection applies, an individual may apply to be assessed to income tax for all of the years of assessment to which the election has applied as if the election had not been made (and those assessments may be amended accordingly).\(^\text{16}\)

(12) An application under subsection (11) must be in the form and manner required by the Assessor.\(^\text{17 18}\)

2ZB Income tax cap

(1) Despite section 1(2), if an election is approved under section 2ZA(3) or 2ZA(7)(b), the amount of income tax payable in each year to which that election applies shall be the income tax cap amount. The income tax cap amount will be —
   (a) for the year of assessment commencing 6 April 2019 —
      (i) £175,000 in the case of an individual; or
(ii) £350,000 in the case of a jointly assessed married couple or civil partners;

(b) for the year of assessment commencing 6 April 2020 and subsequent years —

(i) £200,000 in the case of an individual; or

(ii) £400,000 in the case of a jointly assessed married couple or civil partners.19

(2) The income tax cap amount for each of the five years of an approved election is the amount specified for the first year of assessment to which the election applies, but subject to —

(a) section 50F(1) of this Act;

(b) section 11A(5) of the Income Tax (Retirement Benefit Schemes) Act 1978; and

(c) section 25(5) of the Income Tax Act 1989.

(3) The Treasury may, by order, specify the income tax cap amount.

(4) An order under subsection (3) shall not come into operation unless it is approved by Tynwald.20

2ZC Payment of the income tax cap amount

(1) The income tax cap amount for each of the five years of an election shall be due and payable on 6 January in each year of assessment to which the election applies.

(2) Section 111A of this Act shall apply to the payment of the income tax cap amount in the same manner as it applies for section 96B of the Act.

(3) The Assessor may allow an income tax cap amount to be paid by deduction from remuneration, as defined by section 2C(2), in accordance with the Income Tax (Instalment Payments) Act 1974 rather than on 6 January in a year of assessment to which the election applies.21

2ZD Interpretation of section 2ZA

For the purposes of section 2ZA “individual” includes two persons who are treated as a single individual in accordance with section 65A(3).22

2A Temporary tax exemption for certain eligible businesses

(1) The powers conferred by this section may only be exercised if the Treasury is satisfied that such exercise —

(a) is in the interests of the economy of the Island; and

(b) is necessary for the purpose of establishing or developing any eligible business in the Isle of Man; and24
(c) will enable the eligible business to provide additional productive employment in the Island.25

(2) The Treasury may, after consultation with the Department for Enterprise, by resolution exempt for a period of up to 5 years, the whole or part of the profits or income of any eligible business from liability to tax under the Income Tax Acts.26

(3) The exemption of the profits or income of an eligible business from liability to tax conferred under subsection (2) above, may, on the direction of the Treasury, made after consultation with the Department for Enterprise, include an exemption, in respect of distributions of such profits and income to shareholders resident outside the Island, from liability to income tax under the Income Tax Acts.27

(4) Where an exemption under this section ceases to have effect, the eligible business concerned shall, for the purposes of the Income Tax Acts, be treated as if it had commenced business in the Island on the date of cessation, but only in respect of the source of the income or profits of the eligible business which were exempted from income tax under this section.28

(5) An eligible business which has been exempted from income tax under this section shall, when required by the Assessor, produce to him the balance sheet and the profit and loss account of the company for any year of assessment and such accounting records and other documents as he may specify.29

(6) Exemption from income tax under this section shall not affect the liability of an eligible business to deduct and account for income tax under the Income Tax (Instalment Payments) Act 1974.30

(7) [Repealed]31

(8) In this section and section 2B “eligible business” means a business that meets the criteria in regulation 4 of the Enterprise Act 2008 (Eligible Businesses) Regulations 2014.32

(9) Despite subsection (8), a company may be treated as an eligible business for the purposes of this section and section 2B if the tenant or purchaser of its property is establishing or has established a business in that property that qualifies as an eligible business under subsection (8).33 34

2B Revocation of exemption in cases of abuse

(1) If —

(a) the Treasury is of the opinion that any exemption granted under section 2A of this Act is being used to avoid or reduce the liability

\[\text{SD 2014/0332}\]
Section 2

Income Tax Act 1970

(1) Notwithstanding section 81 of this Act, where any income attributable to remuneration accrues to or is received by an individual in a year of assessment, the Assessor shall, in respect of that year, assess such income on the amount of the remuneration received or accrued in that year.

(2) In this section “remuneration” means any income arising —

(a) in respect of any remuneration from any office, or employment held by the individual; or

(b) in respect of any pension, superannuation, or other allowance, deferred pay, or compensation for loss of office given in respect of the past services of the individual, or of the husband or parent of the individual, in any office or employment, or given to the individual in respect of past services of any deceased person, whether the individual, husband or parent of the individual shall have contributed to such pension, superannuation, allowance, or deferred pay or not,

but shall not include any income specified in paragraph (b) above which is paid by a person outside the Island.

(3) The Treasury may by order amend the definition of “remuneration” contained in subsection (2) of this section.

(4) An order under subsection (3) of this section shall not come into operation until it is approved by Tynwald.

2D and 2E [Repealed]³⁹

2F Payments in respect of expenses

[P1988/1/153]

(1) Subject to the provisions of this section and sections 2G to 2K, where in any year by reason of a person’s employment there are paid to him in respect of expenses any sums which, apart from this section, are not
chargeable to tax as his income, those sums are to be treated as income attributable to the employment and accordingly chargeable to income tax.

(2) Subsection (1) is without prejudice to any claim for deductions under section 31 or 31A of this Act.

(3) The reference in subsection (1) to sums paid in respect of expenses includes any sums put at the employee’s disposal by reason of his employment and paid away by him.40

2G Benefits in kind

[PI988/1/154]

(1) Where in any year —

(a) by reason of a person’s employment there is provided for him, or for others being members of his family or household, any benefit to which this section applies; and

(b) the cost of providing the benefit is not (apart from this section) chargeable to tax as his income,

there is to be treated as income attributable to the employment, and accordingly chargeable to income tax, an amount equal to whatever is the cash equivalent of the benefit.

(2) The benefits to which this section applies are accommodation, entertainment, domestic or other services, and other benefits and facilities of whatsoever nature (whether or not similar to any of those mentioned above in this subsection), excluding however any benefit chargeable under section 2I or 2J.41

(3) For the purposes of this section and section 2H the persons providing a benefit are those at whose cost the provision is made.

(4) The Treasury may by order provide for exemptions from this section.

(5) An order under subsection (4) shall not come into operation until its approval by Tynwald.42

2H Cash equivalents of benefits charged under s 2G

[PI988/1/156]

(1) The cash equivalent of any benefit chargeable to tax under section 2G is an amount equal to the cost of the benefit, less so much (if any) of it as is made good by the employee to those providing the benefit.

(2) Subject to the following subsections, the cost of a benefit is the amount of any expense incurred in or in connection with its provision, and (here and in those subsections) includes a proper proportion of any expense relating partly to the benefit and partly to other matters.
(2A) Where the benefit consists in the transfer of an asset by any person, and—

(a) since that person acquired or produced the asset it has not depreciated; and

(b) subsections (4) and (5) do not apply,

the cost of the benefit is deemed to be the greater of either—

(i) the market value of the asset at the time of transfer; or

(ii) the cost of the asset to that person.43

(3) Where the benefit consists in the transfer of an asset by any person, and since that person acquired or produced the asset it has been used or has depreciated, the cost of the benefit is deemed to be the market value of the asset at the time of transfer.

(4) Where the asset referred to in subsection (3) is not a car and before the transfer a person (whether or not the transferee) has been chargeable to tax in respect of the asset in accordance with subsection (5), the amount which under subsection (3) is deemed to be the cost of the benefit shall (if apart from this subsection it would be less) be deemed to be—

(a) the market value of the asset at the time when it was first applied (by those providing the benefit in question) for the provision of any benefit for a person, or for members of his family or household, by reason of his employment, less

(b) the aggregate of the amounts taken into account as the cost of the benefit in charging tax in accordance with subsection (5) in the year or years up to and including that in which the transfer takes place.

(5) Where the benefit consists in an asset being placed at the employee’s disposal, or at the disposal of others being members of his family or household, for his or their use (without any transfer of the property in the asset), or of its being used wholly or partly for his or their purposes, then the cost of the benefit in any year is deemed to be—

(a) the annual value of the use of the asset ascertained under subsection (6); plus

(b) the total of any expense incurred in or in connection with the provision of the benefit excluding—

(i) the expense of acquiring or producing it incurred by the person to whom the asset belongs; and

(ii) any rent or hire charge payable for the asset by those providing the benefit.

(6) Subject to subsection (7), the annual value of the use of the asset, for the purposes of subsection (5)—
(a) in the case of land, is its annual value determined in accordance with subsection (9); and

(b) in any other case is 20 per cent. of its market value at the time when it was first applied (by those providing the benefit in question) in the provision of any benefit for a person, or for members of his family or household, by reason of his employment.

(7) Where there is payable, by those providing the benefit, any sum by way of rent or hire-charge for the asset, the annual amount of which is equal to, or greater than, the annual value of the use of the asset as ascertained under subsection (6), that amount shall be substituted for the annual value in subsection (5)(a).

(8) From the cash equivalent there are deductible in each case under section 31 such amounts (if any) as would have been so deductible if the cost of the benefit had been incurred by the employee out of his income attributable to the employment.

(9) For the purposes of subsection (6)(a), the annual value of land shall be taken to be the rent which might reasonably be expected to be obtained on a letting from year to year if the tenant undertook to pay all usual tenant’s rates and taxes, and if the landlord undertook to bear the costs of the repairs and insurance, and the other expenses, if any, necessary for maintaining the subject of the valuation in a state to command that rent.

(10) The cash equivalent of a benefit referred to in section D108(3) (disapplication of section D108 where an amount is treated as income attributable to employment) is a sum equal to the amount released or written off plus an amount equal to such proportion of the amount of the loan or advance released or written off as corresponds to the relevant rate prescribed for the purposes of this section under section 1 of this Act in force for the year of assessment in which the loan or advance was released or written off.\textsuperscript{44 45}

2I Cars available for private use

[PA1988/1/157]

(1) Where in any year, a car is made available (without any transfer of the property in it) either to a person or to others being members of his family or household, and —

(a) it is so made available by reason of his employment and it is in that year available for his or their private use; and

(b) the benefit of the car is not (apart from this section) chargeable to tax as the employee’s income,

there is to be treated as income attributable to the employment, and accordingly chargeable to income tax, an amount equal to whatever is the cash equivalent of that benefit in that year.
Subject to the provisions of this section, the cash equivalent of that benefit is to be ascertained from the table in Part I of Schedule 1B.\(^{46}\)

Where in any year the benefit of a car is chargeable to tax under this section as the employee’s income he shall not be taxable —

(a) in respect of the discharge of any liability of his in connection with the car;

(b) under section 2F in respect of any payment made to him in respect of expenses incurred by him in connection with the car.

The Treasury may by order taking effect from the beginning of any income tax year after it is made —

(a) amend the table in Part I of Schedule 1B or substitute a different table; or

(b) provide for the cash equivalent of a benefit under this section or section 2J to be ascertained in accordance with the provisions of the order (by reference to any criteria prescribed in the order or otherwise) and not in accordance with the table in Part I of Schedule 1B.\(^{47}\)

Part II of Schedule 1B has effect —

(a) with respect to the application of the table in Part I; and\(^{48}\)

(b) for the reduction of the cash equivalent under this section in cases where the car has not been available for the whole of the relevant year or the employee makes any payment for the use of it.\(^{49}\)

An order under subsection (4) shall not come into operation until it is approved by Tynwald.\(^{50}\)

### Car fuel

[PI1988/1/158]

Where in any year fuel is provided by reason of a person’s employment for a car which is made available as mentioned in section 2I, an amount equal to whatever is the cash equivalent of that benefit in that year shall be treated as income attributable to the employment and, accordingly, shall be chargeable to income tax.

Subject to the provisions of this section, unless an order under section 2I(4) provides for the cash equivalent of a benefit under this section to be ascertained in accordance with the order, the cash equivalent of that benefit is to be ascertained from the table in Part I of Schedule 1B.\(^{51}\)

Without prejudice to the generality of subsection (1), fuel is provided for a car if —

(a) any liability in respect of the provision of fuel for the car is discharged;
(b) a non-cash voucher or a credit-token is used to obtain fuel for the car or money which is spent on such fuel;

(c) any sum is paid in respect of expenses incurred in providing fuel for the car.

(4) [Repealed]\(^52\)

(5) Where paragraph 2 of Part II of Schedule 1B applies to reduce the cash equivalent of the benefit of the car for which the fuel is provided, the same reduction shall be made to the cash equivalent of the benefit of the fuel ascertained under subsection (2).\(^53\)

(6) If in the relevant year —

(a) the employee is required to make good to the person providing the fuel the whole of the expense incurred by him in or in connection with the provision of fuel for his private use and he does so; or

(b) the fuel is made available only for business travel;

the cash equivalent is nil.

(7) [Repealed]\(^54\)\(^55\)

2K Pooled cars

[PI988/1/159]

(1) This section applies to any car in the case of which the Assessor is satisfied (whether on a claim under this section or otherwise) that it has for any year been included in a car pool for the use of the employees of one or more employers.

(2) A car is to be treated as having been so included for a year if —

(a) in that year it was made available to, and actually used by, more than one of those employees and, in the case of each of them, it was made available to him by reason of his employment but it was not in that year ordinarily used by one of them to the exclusion of the others; and

(b) in the case of each of them any private use of the car made by him in that year was merely incidental to his other use of it in the year; and

(c) it was in that year not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing, except while being kept overnight on premises occupied by the person making the car available to them.

(3) Where this section applies to a car, then for the year in question the car is to be treated under sections 2G and 2I as not having been available for the private use of any of the employees.
(4) A claim under this section in respect of a car for any year may be made by any one of the employees mentioned in subsection (2)(a) (referred to below as “the employees concerned”) or by the employer on behalf of all of them.

(5) On an appeal against the decision of the Assessor on a claim under this section all the employees concerned may take part in the proceedings, and the determination of the Commissioners or the High Court shall be binding on all those employees, whether or not they have taken part in the proceedings.

(6) Where an appeal against the decision of the Assessor on a claim under this section has been determined, no appeal against the Assessor’s decision on any other such claim in respect of the same car and the same year shall be entertained.

2KA Sections 2F to 2K: supplementary

In sections 2F to 2K, “employment” means any office or employment, the remuneration from which is assessed under section 2C, and accordingly, references to an employee or to an employer include references to the holder of an office or to the person under whom the office is held.

2L Mariners’ foreign earnings

[PI988/1/132(4)(b); 193(1) and Sch 12]

(1) Where in any year of assessment —

(a) the duties of employment as a mariner are performed wholly or partly outside the Isle of Man; and

(b) any of those duties are performed in the course of a qualifying period which falls wholly or partly in that year and consists of at least 365 days,

then, in charging tax under the Income Tax Acts on the amount of the remuneration from that employment attributable to the period, or to so much of it as falls in that year of assessment, there shall be allowed a deduction equal to the whole of that amount.

(1A) For the purposes of this section, the amount of the remuneration for a year of assessment from any employment shall be taken to be the amount remaining after —

(a) any allowable expenses, deductions and reliefs attributable to or arising in respect of that remuneration; and

(b) the deduction of an amount equivalent to the amount of a single person’s personal allowance under section 35(3)(a).

(2) For the purposes of subsection (1), a qualifying period is a period of consecutive days which either —
(a) consists entirely of days of absence from the Isle of Man; or
(b) consists partly of such days and partly of days included under subsection (3).

(3) Where, in the case of any person, a period consisting entirely of days of absence from the Isle of Man ("the relevant period") comes to an end and there have previously been one or more qualifying periods, the relevant period and the qualifying period (or, if more than one, the last qualifying period) together with the intervening days between those periods shall be treated as a single qualifying period if —

(a) there are no more than 183 intervening days; and
(b) the number of days in the resulting period which are not days of absence from the Isle of Man does not exceed one half of the total number of days in that period.

(4) For the purposes of subsection (1), remuneration from employment as a mariner which is attributable to a qualifying period includes any remuneration from that employment for a period of leave immediately following that period but not so as to make any remuneration for one year of assessment remuneration for another.

(5) For the purposes of this section, any duties which a person performs on a vessel shall be treated as performed outside the Isle of Man where the vessel is engaged on —

(a) a voyage beginning and ending outside the Isle of Man which extends to a place outside the British Isles (but exclusive of any part of it which extends to the Isle of Man); or

(b) a voyage beginning or ending in the Isle of Man which extends to a place outside the British Isles (but exclusive of any part of it which begins or ends in the Isle of Man),

but not otherwise.

(6) Where the duties of an employment fall to be performed in the Isle of Man in the year of assessment, subsection (7) shall apply for the purposes of subsection (1).

(7) In any case to which this subsection applies, any duties performed outside the Isle of Man shall be treated as performed in the Isle of Man if the performance is merely incidental to the performance of other duties in the Isle of Man.

(8) For the purposes of this section a person shall not be regarded as absent from the Isle of Man on any day unless he is so absent at the end of it.

(9) In this section —

"employment as a mariner" means employment consisting of the performance of duties for the working of a vessel (or of such duties and of others incidental to them);
“remuneration” has the meaning given by section 2C of the Income Tax Act 1970;

“vessel” means any description of water craft which has its own means of mechanical propulsion but does not include —

(a) an offshore installation within the meaning of section 1(3) of the Mineral Workings (Offshore Installations) (Isle of Man) Act 1974 whether on or off station;

(b) any submersible or semi-submersible craft which is constructed or adapted —

(i) to undertake drilling operations at sea; or

(ii) for purposes which are auxiliary to such operations; or

(iii) to transport installations and rigs;

“voyage” means a voyage from the port of departure to the next following port of call whether or not it is the ultimate destination of the vessel.\(^6\)

2M Taxation of members of limited liability companies

(1) Notwithstanding the provisions of the Income Tax Acts relating to the taxation of a body corporate, for the purposes of those Acts —

(a) a limited liability company shall be treated in all respects as if it is a partnership; and

(b) each member of a limited liability company shall be treated as a partner.

(2) As a consequence of subsection (1) —

(a) a limited liability company shall not be liable to pay income tax on its profits; and

(b) each member shall be liable to pay income tax at the appropriate rate in respect of his whole income, including his share of the profits of the limited liability company.

(2A) Subsections (1) and (2) are subject to subsection (2B).\(^6\)

(2B) If a limited liability company has only one member, the member is liable for tax at the appropriate rate in respect of his or her whole income, including all the profits of the limited liability company.\(^6\)

(3) Nothing in this section shall operate to release or extinguish any liability of an attorney or agent to pay Manx income tax as attorney or agent of the individual members of a limited liability company.

(4) Without prejudice to the generality of subsections (1) and (2), no deductions, allowances or reliefs —

(a) which can be taken into account in the calculation of the taxable income of a body corporate; and
(b) which, but for those subsections, could have been taken into account in the calculation of the taxable income of a limited liability company,

shall be allowed or taken into account in the calculation of the profits of a limited liability company or the portion of the taxable income of a member arising from that member’s share of the profits of the company.

(5) Without prejudice to the foregoing provisions of this section, section 63 of this Act shall not apply in respect of a limited liability company.

(6) This section shall not affect the liability of a limited liability company to deduct and account for tax under —

(a) the **Income Tax (Instalment Payments) Act 1974**;

(b) Part 3 of the **Income Tax Act 1989**.

2MA Taxation of limited partnerships with legal personality

(1) A limited partnership with legal personality is to be treated as a partnership (and not as a corporate taxpayer) for the purposes of the Income Tax Acts and each member of the partnership is to be treated as a partner.

(2) Consequently —

(a) a limited partnership with legal personality is not liable to pay income tax on its profits;

(b) each partner is liable to pay income tax at the appropriate rate in respect of his or her whole income, including his or her share of the profits of the partnership; and

(c) section 63 (return in respect of partners) applies.

(3) Nothing in this section —

(a) releases or extinguishes any liability of an attorney or agent to pay Manx income tax as attorney or agent of the partners of the partnership;

(b) affects the liability of a limited partnership to deduct and account for tax under —

(i) the **Income Tax (Instalment Payments) Act 1974**; or


(4) In this section, “a limited partnership with legal personality” means a limited partnership (within the meaning of Part II of the **Partnership Act 1909** (limited partnerships)) which has legal personality as a result of compliance with section 48B or 48C of the **Partnership Act 1909**.


2N  Residence of Isle of Man incorporated companies

(1) For the purposes of the Income Tax Acts, all companies incorporated in the Isle of Man are resident in the Isle of Man.

(2) However, a company is not resident in the Isle of Man if it can be proven to the satisfaction of the Assessor that —

(a) its business is centrally managed and controlled in another country; and

(b) it is resident for tax purposes under the other country’s law; and

(c) either —

(i) it is resident for tax purposes under the other country’s law under a double taxation agreement between the Isle of Man and the other country in which a tie-breaker clause applies; or

(ii) the highest rate at which any company may be charged to tax on any part of its profits in the other country is 15% or higher; and

(d) there is a bona fide commercial reason for its residence status in the other country, which status is not motivated by a wish to avoid or reduce Isle of Man income tax for any person.

(3) To remove any doubt, a company that is not resident under subsection (2) remains subject to the Act.

(4) In this section —

“company” has the meaning given in section 341(1) of the Companies Act 1931 and includes a 2006 company and a company to which consent has been given to be continued in the Isle of Man under the Companies (Transfer of Domicile) Act 1998;

“2006 company” means a company incorporated, continued or re-registered under the Companies Act 2006;

“country” includes territory;

“double taxation agreement” means applicable arrangements declared under section 104B (Power to make declarations about arrangements); and

“tie-breaker clause” means a clause in a double taxation agreement under which it is decided where a person is resident for the purpose of the agreement.

2O  Assessment where 1986 Act companies are in actual residence in Isle of Man

(1) The Assessor may, in respect of any year of assessment, assess the income of a 1986 Act company if he is satisfied that —

(a) the company is in fact resident in the Isle of Man; or
(b) income arises or accrues to the company and is —
   
   (i) derived from the annual profits or gains of or in respect of or from any kind of property whatsoever in the Isle of Man; or
   
   (ii) derived from the annual profits or gains of or in respect of or from any profession, trade, employment, or vocation carried on in the Isle of Man.

(2) For the purposes of this section, a 1986 Act company shall not be treated as being resident in the Isle of Man by reason only of the fact that a person who is resident in the Isle of Man is appointed as the liquidator of the company.

(3) Where a company pays non-resident company duty under the Non-Resident Company Duty Act 1986, the amount of duty paid by that company in any year of assessment shall, except in the case of a company to which section 2P(1) applies, be set against or refunded from any income tax payable or paid by the company for that year.68

2P Company ceasing to be 1986 Act company

(1) Where in any year of assessment a 1986 Act company ceases to be such, the company shall not be assessed to income tax (except as provided by section 20(1)) in respect of income which arises or accrues to it for that part of the year in which it is a 1986 Act company.

(2) For the purposes of the Income Tax Acts a 1986 Act company shall be treated as becoming resident in the Isle of Man on the date on which it ceases to be a 1986 Act company.69

2PA Meaning of distribution

(1) Any income distribution received by a person resident in the Island that is paid by a corporate taxpayer resident in the Island shall be income in respect of which income tax is imposed by this Act for the purposes of section 2.70

(2) Where an income distribution takes a nonmonetary form, an amount equal to whatever is the cash equivalent of the income distribution is income in respect of which income tax is imposed by this Act for the purposes of section 2.

(3) The cash equivalent of an income distribution is deemed to be the market value of the asset transferred at the time of transfer (where an asset is transferred by a corporate taxpayer) or the amount of debt incurred (where the corporate taxpayer incurs a debt).

(4) [Repealed]71

(5) In this section —
“distribution” means —

(a) the direct or indirect transfer of any assets of a corporate taxpayer, other than the corporate taxpayer’s own shares, to or for the benefit of a member of the corporate taxpayer; or

(b) the incurring of a debt by a corporate taxpayer to or for the benefit of a member of the corporate taxpayer,

in relation to shares held by a shareholder, or the entitlements to distributions of a member who is not a shareholder, and whether by means of —

(i) the payment of a dividend;

(ii) the purchase of an asset;

(iii) the purchase, redemption or other acquisition of shares;

(iv) the transfer or assignment of indebtedness,

(v) payment made on winding up, liquidation, cessation or dissolution of a corporate taxpayer,

or otherwise;

“group” shall be construed in accordance with Schedule 2 to the Income Tax Act 1980;

“income distribution” means a distribution made from —

(a) the corporate taxpayer’s income from its current accounting period; or

(b) the undistributed profits of the corporate taxpayer from an earlier accounting period;

“member” shall be construed in accordance with section 120.

(6) This section does not prejudice the generality of section 2.

2PB Anti-avoidance

(1) This section applies where there has been —

(a) a sale of unquoted shares to a resident corporate taxpayer by a participator; or

(b) a sale of goodwill to a resident corporate taxpayer by a participator,

after 6 April 2011 but before 20 February 2018 which has resulted in a debt from the corporate taxpayer owed to the participator.

(2) If this section applies, any repayment of that debt or any part of that debt, made on or after 20 February 2018 constitutes a dividend liable to income tax first, to the level of the undistributed taxable profits of the corporate taxpayer to the lesser of —

(a) the amount of that debt; and
(b) the total level of the debt at 20 February 2018.

(3) This section also applies where there has been a sale to a resident corporate taxpayer by a participator of unquoted shares or goodwill on or after 20 February 2018. Such a sale also constitutes a dividend chargeable on the participator, on the lesser of —

(a) the total sale price; and

(b) the amount of undistributed taxable profits of the corporate taxpayer at the end of the accounting period in which the sale took place.

(4) If in subsection (3) the amount of the undistributed taxable profits at the end of the accounting period in which the sale took place is less than the total sale price then any future repayments of that debt shall be chargeable as a dividend on the difference, up to the level of future taxable profits.

(5) Any dividend under this section is chargeable to income tax as if it were paid on the last day of the accounting period in which the repayment or sale was made.

(6) Where a resident corporate taxpayer makes repayments of debts chargeable under subsection (2),(3) or (4) to a number of persons during the accounting period and the total of the debts repaid exceeds the undistributed taxable profits the charge to tax under this section will be pro-rated using the calculation —

\[ A \times \frac{B}{C} \]

where —

A is the total repayment of the debt made to the participator in the accounting period;

B is the total undistributed taxable profit; and

C is the total repayment of all relevant debts made in the accounting period.

(7) Where an individual receives a repayment before 20 February 2018 that would be liable to income tax under section 2PB had it been received on or after that date, then the Assessor may charge that repayment to tax under section 2PB if he or she is not satisfied that the repayment physically took place before 20 February 2018.

(8) If the Assessor is of the opinion that a person has taken measures to avoid income tax under this Order, whether by a loan between persons, changing of the corporate taxpayer’s accounting period or any other means, the Assessor may make an assessment or additional assessment on that person in accordance with Schedule 1 to the Income Tax Act 1980.

(9) In this section —

(a) “control” has the same meaning as in section 119A;
Section 2  
Income Tax Act 1970

(b) “participator” means an individual having a share or interest in the capital or income of the corporate taxpayer and, without prejudice to the generality of the foregoing, includes —

(i) any person who possesses, or is entitled to acquire, share capital or voting rights in the corporate taxpayer;

(ii) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the corporate taxpayer or any amounts payable by the corporate taxpayer (in cash or in kind) to loan creditors by means of premium on redemption; and

(iii) any person who is entitled to secure that income or assets (whether present or future) of the corporate taxpayer will be applied directly or indirectly for such person’s benefit;

(c) references to being entitled to do anything apply where a person is entitled to do it at a future date or will at a future date be entitled to do it.

(10) The reference to a resident corporate taxpayer’s undistributed taxable profits in subsection (2), (3) and (4) shall also include any undistributed taxable profits which are available for distribution from any other resident company which is controlled by the corporate taxpayer.\(^7^5\)

2Q Charge to tax on realised profit comprised in discount  
[PI1996/8/ Sch13 para 1]

(1) Where a person realises the profit from the discount on a relevant discounted security, that person shall be charged to income tax on that profit.

(2) For the purposes of this section and sections 2R to 2Z (referred to collectively in this section and those sections as “this Part”) a person realises the profit from the discount on a relevant discounted security where —

(a) that person transfers such a security or becomes entitled, as the person holding the security, to any payment on its redemption; and

(b) the amount payable on the transfer or redemption exceeds the amount paid by that person in respect of the acquisition of the security.

(3) For the purposes of this Part the profit shall be taken —

(a) to be equal to the amount of the excess reduced by the amount of any relevant costs; and

(b) to arise, for the purposes of income tax, in the year of assessment in which the transfer or redemption takes place.
(4) In this section “relevant cost”, in relation to a security that is transferred or redeemed, are all the following costs —

(a) the costs incurred in connection with the acquisition of the security by the person making the transfer or, as the case may be, the person entitled to a payment on the redemption; and

(b) the costs incurred by that person in connection with the transfer or redemption of the security;

and for the purposes of this Part costs falling within paragraph (a) shall not be regarded as amounts paid in respect of the acquisition of a security.

2R Meaning of “relevant discounted security”

[P1996/8/ Sch13 para 3]

(1) Subject to subsection (2) and section 2X(1), in this Part “relevant discounted security” means any security which (whenever issued) is such that —

(a) taking the security as at the time of its issue, and

(b) assuming redemption in accordance with its terms,

the amount payable on redemption is an amount involving a deep gain or might be an amount which would involve such a gain.

(2) The following are not relevant discounted securities for the purposes of this Part —

(a) shares in a company;

(b) gilt-edged securities that are not strips;

(c) excluded indexed securities;

(d) life assurance policies;

(e) capital redemption policies; and

(f) subject to section 2V, securities issued (at whatever time) under the same prospectus as other securities which have been issued previously but (disregarding that section) are not themselves relevant discounted securities.

(3) For the purposes of this Part the amount payable on redemption of a security involves a deep gain if —

(a) the issue price is less than the amount so payable; and

(b) the amount by which it is less represents more than the relevant percentage of the amount so payable.

(4) In this section “the relevant percentage”, in relation to the amount payable on redemption of a security, means —
(a) the percentage figure equal, in a case where the period between the date of issue and the date of redemption is less than thirty years, to one half of the number of years between those dates; and

(b) in any other case, 15 per cent;

and for the purposes of this section the fraction of a year to be used for the purposes of paragraph (a) in a case where the period mentioned in that paragraph is not a number of complete years shall be calculated by treating each complete month, and any remaining part of a month, in that period as one twelfth of a year.

(5) References in this section to redemption —

(a) do not include references to any redemption which may be made before maturity otherwise than at the option of the holder of the security; but

(b) in the case of a security that is capable of redemption at the option of the holder before maturity, shall have effect as references to the earliest occasion on which the holder of the security may require the security to be redeemed.

(6) For the purposes of this section the amount payable on redemption shall not be taken to include any amount payable on that occasion by way of interest.
(4) If an agreement is conditional, whether on the exercise of an option or otherwise, it shall be taken for the purposes of this section to be made when the condition is satisfied (whether by the exercise of the option or otherwise).

(5) This section is without prejudice to section 2X(2) to (4).78

2T Redemption to include conversion

[P1996/8/ Sch13 para 5]

(1) This section applies where a relevant discounted security is extinguished by being converted, in pursuance of rights conferred by the security, into shares in a company or into any other securities (including other relevant discounted securities).

(2) For the purposes of this Part the conversion shall be deemed —

(a) to constitute the redemption of the security which is extinguished; and

(b) to involve a payment on redemption of an amount equal to whatever, at the time of the conversion, is the market value of the shares or other securities into which the security in question is converted.

(3) This section does not apply to an exchange to which section 2X applies.79

2U Other transactions deemed to be at market value

[P1996/8/ Sch13 para 9]

(1) This section applies where a relevant discounted security is transferred from one person to another in a case in which —

(a) the transfer is made for a consideration which consists of or includes consideration not in money or money’s worth; or

(b) the transfer is made otherwise than by way of a bargain made at arm’s length.

(2) For the purposes of this Part —

(a) the person making the transfer shall be treated as obtaining in respect of it an amount equal to the market value of the security at the time of the transfer, and

(b) the person to whom the transfer is made shall be treated as paying in respect of the acquisition of the security an amount equal to that market value.80

2V Issue of securities in separate tranches

[P1996/8/ Sch13 para 10]

(1) In a case where —
Section 2  

Income Tax Act 1970  

(a) none of the securities issued on the occasion of the original issue of securities under a particular prospectus would be a relevant discounted security apart from this section,  

(b) some of the securities subsequently issued under the prospectus would be relevant discounted securities apart from section 2R(2)(f), and  

(c) there is a time (whether before, at or after the beginning of the year of assessment commencing on 6 April 2005) when the aggregate nominal value as at that time of the securities falling within paragraph (b) exceeds the aggregate nominal value as at that time of the securities which have been issued under the prospectus and do not fall within that paragraph,  

subsection (2) shall apply in relation to every security which has been or is issued under the prospectus at any time (whether before, at or after the time mentioned in paragraph (c)).  

(2) As regards any event occurring in relation to the security after the time mentioned in subsection (1)(c), this Part shall have effect as if the security —  

(a) were a relevant discounted security; and  

(b) had been acquired as such (whatever the time of its acquisition).  

(3) For the purposes of subsection (2) events, in relation to a security, include anything constituting a transfer, redemption or acquisition for the purposes of this Part.  

2W  

Excluded indexed securities  

[P1996/8/ Sch13 para 13]  

(1) For the purposes of this Part a security is an excluded indexed security if the amount payable on redemption is linked to the value of assets.  

(2) For the purposes of this section an amount is linked to the value of assets if, in pursuance of any provision having effect for the purposes of the security, it is equal to an amount determined by applying a relevant percentage change in the value of assets to the amount for which the security was issued.  

(3) In subsection (2) the reference to a relevant percentage change in the value of assets is a reference to the amount of the percentage change (if any) over the relevant period in the value of assets of any particular description or in any index of the value of any such assets.  

(4) In subsection (3) "the relevant period" means —  

(a) the period between the time of the issue of the security and its redemption; or  

(b) any other period in which almost all of that period is comprised and which differs from that period exclusively for purposes
connected with giving effect to a valuation in relation to rights or liabilities under the security.

(5) If —

(a) there is a provision which, in the case of the amount payable on the redemption of any security, falls within subsection (2),

(b) that provision is made subject to any other provision applying to the determination of that amount,

(c) that other provision is to the effect only that that amount must not be less than a specified percentage of the amount for which the security is issued, and

(d) the specified percentage is not more than 10 per cent,

that other provision shall be disregarded in determining for the purposes of this section whether the amount payable on redemption is linked to the value of assets.

(6) For the purposes of this section neither —

(a) the retail prices index, nor

(b) any similar general index of prices published by the government of any country or territory or by the agent of any such government,

shall be taken to be an index of the value of assets.\(^{82}\)

---

2X **Gilt strips**

[P1996/8/ Sch13 para 14]

(1) Every strip is a relevant discounted security for the purposes of this Part.

(2) For the purposes of this Part, where a person exchanges a gilt-edged security for strips of that security, the person who receives the strips in the exchange shall be deemed to have paid, in respect of the acquisition of each strip, the amount which bears the same proportion to the market value of the security as is borne by the market value of the strip to the aggregate of the market values of all the strips received in exchange for the security.

(3) For the purposes of this Part, where strips are consolidated into a single gilt edged security by being exchanged by any person for that security, each of the strips shall be deemed to have been redeemed at the time of the exchange by the payment to that person of the amount equal to its market value.

(4) The Treasury may by order provide that this Part is to have effect with such modifications as it may think fit in relation to any relevant discounted security which is a strip.

(5) An order made by the Treasury under this section may —
(a) make provision for the purposes of subsections (2) and (3) as to the manner of determining the market value at any time of any security;

(b) contain such incidental, supplemental, consequential and transitional provision as the Treasury may think fit.

(6) Subject to any order under subsection (5), references in subsections (2) and (3) to the market value of a security given or received in exchange for another are references to its market value at the time of the exchange.83

2Y Realised losses on discounted securities

[PI996/8/ Sch13 para 2]

(1) Subject to the provisions of sections 2Q to 2X and 2Z, where —

(a) a person sustains a loss in any year of assessment from the discount on a relevant discounted security, and

(b) makes a claim for the purposes of this paragraph before the end of 12 months from the 31st January next following that year of assessment,

that person shall be entitled to relief from income tax on income chargeable for that year under section 2Q for that year equal to the amount of the loss.

(2) Unused relief under this section cannot be carried forward or back.

(3) For the purposes of this section a person sustains a loss from the discount on a relevant discounted security where —

(a) he transfers such a security or becomes entitled, as the person holding the security, to any payment on its redemption; and

(b) the amount paid by that person in respect of his acquisition of the security exceeds the amount payable on the transfer or redemption.

(4) For the purposes of this section the loss shall be taken —

(a) to be equal to the amount of the excess increased by the amount of any relevant costs; and

(b) to be sustained for the purposes of this section in the year of assessment in which the transfer or redemption takes place.

(5) Section 2Q(4) applies for the purposes of this section as it applies for the purposes of that section.84

2Z General interpretation

[PI996/8/ Sch13 para 15]

(1) In this Part —
“deep gain” shall be construed in accordance with section 2R(3);
“excluded indexed security” has the meaning given by section 2W;
“market value” (except in section 2X) means the price that the relevant security might reasonably be expected to fetch on a sale in the open market;
“relevant discounted security” has the meaning given by sections 2R and 2X(1);
“strip” means anything which is a strip of a gilt-edged security.

(2) Where a person, having acquired and transferred any security, subsequently re-acquires it, references in this Part to that person’s acquisition of the security shall have effect, in relation to —

(a) the transfer by that person of that security, or
(b) the redemption of the security in a case where that person becomes entitled to any amount on its redemption,

as references to that person’s most recent acquisition of the security before the transfer or redemption in question.85

3 and 4 [Repealed]86

5 Assessment of new resident non-corporate taxpayers
Where a non-corporate taxpayer becomes resident in the Isle of Man during the year of assessment, the Assessor shall allow only a proportion of all the allowances and deductions corresponding to the proportion which the period during which the taxpayer was resident in the Isle of Man in the year of assessment bears to the year.87

6 and 7 [Repealed]88

7A Non-corporate taxpayers: cessation
Where a non-corporate taxpayer ceases to be regarded as resident in the Isle of Man during the year of assessment, the Assessor shall allow only a proportion of all the allowances and deductions in respect of that taxpayer corresponding to the proportion which the period during which the taxpayer was resident in the Isle of Man in the year of assessment bears to the year.89

7B Individuals: death
In the case of the death of an individual, the income tax which is, or would have become, chargeable under the Income Tax Acts in respect of any year shall be assessed and charged upon his executors or administrators, and shall be a debt due from and payable out of his estate.90
8 Voluntary pensions liable to tax

(1) Where a person has ceased to hold any office or employment, and any pension or annual payment is paid to him, or his widow, surviving civil partner or child, or to any relative or dependant of his, by the person under whom he held the office or by whom he was employed, or by the successors of that person, then, notwithstanding that the pension or annual payment is paid voluntarily, or is capable of being discontinued, it shall be deemed to be income for the purposes of assessment of income tax.

(2) The expression “earned income” in section 34 below shall be deemed to include only so much of any annuity, pension or annual payment as would qualify as a retirement benefit; and in this section “retirement benefit” in relation to an office or employment means a sum arrived at as follows —

(a) there shall be ascertained the average for one year of the holder’s emoluments from the office or employment for the last three years of his service up to the date of cessation of such service (or for the whole period of his service if less than three years);

(b) one sixtieth of the amount ascertained at paragraph (a) above shall be multiplied by the whole number of complete years of the service of the holder in the office or employment;

(c) the holder’s emoluments at paragraph (a) above shall be the amount of those emoluments which have qualified as earned income under section 34 below.

(3) In computing the income of a person in respect of any business or commercial undertaking any sum paid by way of such pension or annual payment shall be allowed in like manner as the salaries and wages paid in connection with such business or undertaking.

9 Temporary absentees to be charged as residents

Any person ordinarily residing in the Isle of Man, and who shall have departed from the Isle of Man for the purpose only of occasional residence elsewhere, shall be deemed, notwithstanding such temporary absence, a person chargeable with income tax as a person residing in the Isle of Man.

10 Temporary residents to be charged after six months of residence

No person who shall be in the Isle of Man for some temporary purpose only, and not with any view or intent of establishing residence therein, and who shall not actually have resided in the Isle of Man at one time or several times for a period equal in the whole to six months in any one year, shall be chargeable
with income tax as a person residing in the Isle of Man; but every such person after residence in the Isle of Man for six months as aforesaid shall be chargeable with income tax for the year commencing on the sixth April as a person residing in the Isle of Man in accordance with the provisions of section five of this Act.

11 Assessment of profits of non-residents
[1946/13]
The following provision shall, notwithstanding anything contained in this Act, be applicable to the income derived by any person resident out of the Isle of Man from any trade, profession, employment, or vocation carried on by such person in the Isle of Man: the profits from any such trade, profession, employment, or vocation for the purposes of Manx income tax shall be the full profits therefrom, and no allowance or deduction shall be made from such profits in respect of borrowed capital or of any sum receivable by a proprietor or partner, or in the case of an association, of any sums distributed to any shareholder, stockholder, debenture-holder, mortgagee, or other person owning any interest in the capital of the business.

11A Limit on income chargeable on non-residents
(1) Notwithstanding any other section of this Act, the income tax chargeable for any year of assessment on the total income of any individual who is not resident in the Island for the whole of that year shall not exceed the sum of the following amounts —

(a) the amount of income tax which, apart from this section, would be chargeable on that total income if the amount of that income were reduced by the amount of any excluded income; and

(b) the amount of tax deducted from so much of any excluded income as is income the tax on which is deducted at source,

and for the purposes of calculating the limit of income tax under this subsection, personal allowance under section 35C shall be left out of account.

(2) For the purposes of this section income arising for any year of assessment to an individual who is not resident in the Island for the whole of that year is excluded income if it represents —

(a) dividends paid by a company incorporated under the Companies Acts 1931 to 2004 or registered under the Foreign Companies Act 2014;93

(b) deposit interest paid by the holder of a licence under section 7 of the Financial Services Act 2008 in respect of deposit taking;94

(c) interest or dividends paid by a building society authorised under section 2 or 4A of the Building Societies Act 1986;
(d) interest or dividends paid by the Government in respect of bonds issued under the *Isle of Man Loans Act 1974*;
(e) interest or dividends paid by a local authority in respect of securities issued under section 50 of the *Local Government Act 1985*;
(f) income from social security benefits that are chargeable to income tax under section 48;
(g) national insurance retirement pensions paid by the Treasury; or
(h) income of such other description as the Treasury by order designates for the purposes of this subsection,

but where that individual is chargeable in the name of another (“the representative”) under section 70(1)(a) in respect of income from a trade or profession carried on in the Island, through the representative or at or from a branch in the Island, such income shall not be excluded income.

(3) An order under subsection (2)(h) —
(a) may amend paragraphs (a) to (g) of subsection (2); and
(b) shall not come into operation unless it is approved by Tynwald.

(4) This section shall not apply to the income tax chargeable for any year of assessment on the income of trustees not resident in the Island if there is a relevant beneficiary of the trust who is either —
(a) an individual resident in the Island, or
(b) a company resident in the Island.

(5) In subsection (4), the reference to a relevant beneficiary, in relation to a trust, is a reference to any person who, as a person falling wholly or partly within any description of actual or potential beneficiaries, is either —
(a) a person who is, or will or may become, entitled under the trust to receive the whole or any part of any income under the trust; or
(b) a person to or for the benefit of whom the whole or any part of any such income may be paid or applied in exercise of any discretion conferred by the trust;

and for the purposes of this subsection references, in relation to a trust, to income under the trust shall include references to so much (if any) of any property falling to be treated as capital under the trust as represents amounts originally received by the trustees as income.

(6) In subsection (1)(b) —
(a) the reference to excluded income the tax on which is deducted at source is a reference to excluded income from which an amount in respect of income tax is or is treated as deducted, on which any such amount is treated as paid or in respect of which there is a tax credit, and
(b) the reference, in relation to any such income, to the amount of income tax deducted shall accordingly be construed as a reference to the amount which is or is treated as deducted or which is treated as paid or, as the case may be, to the amount of the credit.

(7) For the avoidance of doubt, in subsection (1)(b) reference to “tax deducted” shall not include any retention tax deducted under the Income Tax (Retention of Tax and Exchange of Information) (Temporary Taxation) Order 2005 [SD150/05] pursuant to a retention agreement entered into between the Island and a member State within the meaning of the European Communities (Isle of Man) Act 1973.96

12 to 13M [Repealed]97

14 Valuation of trading stock on cessation of trade

[1949/22]

(1) In computing for any purpose of the Income Tax Acts the profits or gains of a trade which has been discontinued, any trading stock belonging to the trade at the discontinuance thereof shall be valued as follows: —

(a) in the case of any such trading stock —

(i) which is sold or transferred for valuable consideration to a person who carries on or intends to carry on a trade in the Isle of Man; and

(ii) the cost whereof may be deducted by the purchaser as an expense in computing for any such purpose the profits or gains of that trade;

the value thereof shall be taken to be the amount realised on the sale or the value of the consideration given for the transfer;

(b) in the case of any other such trading stock, the value thereof shall be taken to be the amount which it would have realised if it had been sold in the open market at the discontinuance of the trade.

(2) Where by virtue of any provision of section four of this Act, a trade is treated as having been discontinued for the purpose of computing tax, it shall also be so treated for the purpose of this section, but this section shall not apply in a case where a trade carried on by an individual is discontinued by reason of his death.

(3) For the purpose of this section, the expression “trading stock” in relation to any trade, means property of any description, whether real or personal, being either —

(a) property such as is sold in the ordinary course of the trade or would be so sold if it were mature or if its manufacture, preparation, or construction were complete; or
(b) materials such as are used in the manufacture, preparation, or construction of any such property as is referred to in the last foregoing paragraph.

14A to 14D [Repealed] 96

PART 2 - EXEMPTIONS, ALLOWANCES AND RELIEF 99

15 Incomes exempt from income tax
[1946/14]
The following incomes shall be exempt from income tax, that is to say —

(a) the income derived from any property of any corporation or society or persons, or of any trust established for charitable purposes only, or which, according to the rules or regulations established by Act of Parliament, Act of Tynwald, charter, decree, deed of trust, or will, shall be applicable by the said corporation or society or by any trustee to charitable purposes only; 100

(b) the income of any property in the names of any trustees applicable solely to the repairs of any college, church, chapel or any building used solely for the purpose of public worship, and in so far as the same shall be applied to such purposes, provided the application thereof to such purposes shall be duly proved before the Assessor;

(c) the income derived from any property of Her Majesty in whatever name or names the same may vest or stand.

16 Disablement pensions exempt from tax
[1946/16; 1962/2]

(1) Income from wounds and disability pensions to which this section applies shall be exempt from income tax and shall not be reckoned in computing income for any of the purposes of the Income Tax Acts.

(2) This section applies to —

(a) wounds pensions granted to members of naval, military or air-forces of the Crown;

(b) retired pay of disabled officers granted on account of medical unfitness attributable to or aggravated by naval, military, or air-force service;

(c) disablement or disability pensions granted to members, other than commissioned officers, of the naval, military, or air-forces of the Crown, on account of medical unfitness attributable to or aggravated by naval, military, or air-force service;
(d) disablement pensions granted to persons who have been
employed in the nursing services of any of the naval, military, or
air-forces of the Crown, on account of medical unfitness
attributable to or aggravated by naval, military, or air-force
service;

(e) injury and disablement pensions payable under any scheme made
under the Injuries in War (Compensation) Act, 1914, the Injuries
in War (Compensation) Act, 1914 (Session 2), and the Injuries in
War (Compensation) Act, 1915 (Acts of Parliament), or under any
war risks compensation scheme for the Mercantile Marine in
operation in the United Kingdom;\textsuperscript{101}

(f) allowances granted to widows and surviving civil partners of
members of the naval, military, or air-forces of the Crown;\textsuperscript{102}

Provided that, where the amount of any retired pay or pensions to which
this section applies is not solely attributable to disablement or disability,
the relief conferred by this section only extend to such part as is certified
by the Secretary of State for Social Services, a Minister of the Crown, after
consultation with the Department of Health and Social Security, to be
attributable to disablement or disability.\textsuperscript{103}

16A [Repealed]\textsuperscript{104}

16B Jurors’ remuneration: exemption

The remuneration payable to a juror under section 32 of the \textit{Jury Act 1980}
shall not be brought into account by the Assessor as part of the income of the
recipient.\textsuperscript{105}

16C Maintenance payments: exemption

(1) Income received by an individual in the form of a maintenance payment
shall be exempt from income tax and shall not be reckoned in computing
income for any of the purposes of the Income Tax Acts.

(2) In this section —

“child of the family” means, in relation to two persons who are married to or
civil partners of each other, a person under 21 years of age —

(a) who is a child of both those persons; or

(b) who, not being a person who has been placed with both of them
as foster parents by the Department of Health and Social Care or a
voluntary organisation, has been treated by both of them as a
child of their family;\textsuperscript{106}

“maintenance payment” means a periodical payment, other than an instalment
of a lump sum, which is made under an order of a court of competent
jurisdiction or under a written agreement the proper law of which is the law of the Island, which —

(a) is made by one of the parties to a marriage or civil partnership (including one which has been dissolved or annulled) either —

(i) to or for the benefit of the other party and for the maintenance of the other party; or

(ii) to or for the benefit of a child of the family for the benefit, maintenance or education of that child,

and which is made at a time when the two parties are not living together within the meaning of section 65E of the Income Tax Act 1970; or

(b) in the case of parents who are not, and have not been, married to or civil partners of each other, is made by one parent to or for the benefit of the child of the family for the benefit, maintenance or education of that child and is made at a time when the parents are separated and the circumstances are such that the separation is likely to be permanent;

“parent” means any person in relation to whom the minor concerned is a child of the family.107

16D Periodical payments of personal injury damages exempt from tax

(1) No liability to income tax arises for the persons specified in section 16E in respect of periodical payments to which subsection (2) applies.

(2) This subsection applies to periodical payments made pursuant to an order of the High Court under section 36A(1) (periodical payments of damages) of the High Court Act 1991 (including an order as varied).108

16E Persons entitled to exemption for personal injury payments

The persons entitled to the exemption in section 16D(1) for periodical payments are —

(a) the person entitled to the damages under the order in section 16D(2) (“A”);

(b) a person who receives the payment in question on behalf of A; and

(c) a trustee who receives the payment in question on trust for the benefit of A, under a trust under which A is, while alive, the only person who may benefit.109

16F Payments from trusts for injured persons exempt from tax

(1) No liability to income tax arises for the persons specified in subsection (2) in respect of sums paid under a lifetime trust —
(a) to the person who is entitled to a payment under an order to which section 16D(2) refers (“A”); or
(b) for the benefit of A.

(2) The persons are —
(a) A; and
(b) if subsection (1)(b) applies, a person who receives the sum on behalf of A.

(3) For the purposes of subsection (1), sums are paid under a lifetime trust if they are paid —
(a) by the trustees of a trust under which A is, while alive, the only person who may benefit; and
(b) out of a payment under an order to which section 16D(2) refers, which is received by them on trust for A.

17 Agricultural societies exempt from tax
[1946/15]

(1) Any profits or gains arising to an agricultural society from an exhibition or show held for the purposes of the society shall, if they are applied solely to the purposes of the society, be exempt from income tax.

(2) The expression “agricultural society” in this section means any society or institution established for the purposes of promoting the interests of agriculture, horticulture, livestock breeding, or forestry.

18 Exemptions for friendly societies

(1) The special income of any friendly society to which this section applies shall be exempt from income tax.

(2) In subsection (1) above, “special income” means income (other than income arising from pension business) arising from —
(a) life or endowment business consisting of the assurance of gross sums not exceeding £500 or of the granting of annuities of annual amounts not exceeding £104;
(b) the granting of annuities under contracts approved by the Assessor under section 49 of this Act, being annuities payable wholly in return for premiums or other consideration paid by a person who (when the premiums or other consideration are or is payable) is, or would but for an insufficiency of profits or gains be, chargeable to tax in respect of relevant earnings (as defined in the said section 49) from a trade, profession, vocation, office or employment carried on or held by him.

(3) In applying the limits of £500 and £104 any bonus or addition which either is —
Section 19

(a) declared upon an assurance of a gross sum or annuity; or
(b) accrues upon such an assurance by reference to an increase in the value of any investments,

shall be disregarded.

(4) The Treasury may by order amend the limits specified in subsections (2) and (3) above, but such an order shall not come into operation until it has been approved by Tynwald.

(5) This section shall apply to the following societies —

(a) any friendly society which is legally established under any Act of Tynwald or Act of Parliament relating to friendly societies;

(b) any benevolent or friendly society, established prior to the 12th April 1921, which satisfies the Assessor that its objects are similar to those of the friendly societies described in paragraph (a) above.112

18A Boards and local authorities to be exempt from tax

The income of any public Board or authority constituted under any enactment or under any order approved by Tynwald under any enactment, and of any local authority, shall be exempt from income tax.113

19 Industrial societies exempt from tax

[1946/19]

A society registered under the Industrial and Building Societies Acts, 1892 to 1963, shall be exempt from the payment of income tax on so much of its profits as are distributed in any manner among the members of such society or non-members receiving dividends on purchases.

20 Members of friendly and industrial societies

[1946/21]

No shareholder or stockholder of any association, or member of any friendly society, or society registered under the Industrial and Building Societies Acts, 1892 to 1963, or other benevolent or friendly society, shall, by reason of this Act, be exempt from payment of income tax, or assessment for such tax, in respect of any dividend (other than dividends on purchases to members or non-members of such societies), interest, bonus, share of profits, or benefit received by him from such association or society.
20A to 20F [Repealed] 114

21 [Repealed] 115

21A Interest on certain Government securities exempt from tax

(1) Where the total income of an individual who resides in the Island includes, or would but for this section include, for the year of assessment, any amounts paid or credited in respect of interest on specified Government securities, those sums shall be disregarded for all the purposes of the Income Tax Acts, other than for the furnishing of information, if or in so far as they do not exceed such sum (if any) as Tynwald may by resolution provide; and, for this purpose, the question whether or how far those sums exceed any such sum shall, where a valid election is in force under section 65A of this Act for the aggregation of the income of a spouses or civil partners, be determined separately by reference to the income of the spouses or civil partners before aggregation. 116

(2) Where the total Manx income of a person who is not resident in the Isle of Man includes, for the year of assessment, or would but for this subsection include, any sums paid or credited in respect of interest on specified Government securities, those sums shall, so long as it is shown to the Assessor that the securities are in the beneficial ownership of such person, and subject to subsection (3) below, be exempt from income tax.

(3) Where the income of any person is by virtue of any provision of the Income Tax Acts to be deemed to be income of any other person that income shall not be exempt from tax as being sums paid or credited in respect of interest on specified Government securities by reason of the first mentioned person not being resident in the Isle of Man.

(4) In this section the expression “specified Government securities” means instruments of security issued by the Government under the provisions of the Isle of Man Loans Act 1958 or any Act amending or replacing such Act or extending the power of the Government to issue such instruments of security and which the Treasury specifies (whether before or after the coming into force of this Act) as being Government securities to which subsection (1) or subsection (2) or both such subsections, as the case may require, of this section apply. 117 118

22 Easter offerings exempt from tax

[1958/6]

Voluntary gifts (including Easter offerings) received by a minister of religion from his congregation, even though they accrue to him by reason of his holding that office, shall up to an amount not exceeding in the aggregate the sum of two hundred pounds in any one year of assessment, be exempt from income tax,
and shall not be reckoned in computing income for any of the purposes of the Income Tax Acts.

23 Certain subsistence allowances exempt from tax  
[1963/6]  
Any allowance, which purports to be a subsistence allowance and which is payable to any person by virtue of a resolution of Tynwald, shall not, unless Tynwald shall otherwise declare, be brought into account by the Assessor as part of the income of the recipient.

24 Governor’s salary, etc, exempt from tax  
[1953/7]  
The salary, emoluments and official allowances payable or made in respect of the present and any future holder of the office of Lieutenant Governor of the Isle of Man shall be exempt from the provisions of this Act.

25 Corporate taxpayers no deduction for distributed income  
A corporate taxpayer’s profits shall be computed for the purposes of income tax without any deduction in respect of any distribution of its income among its shareholders or stockholders, members or associates, by way of dividend, bonus, interest, or share in profit.119

25A Distributed income: tax credit voucher  
(1) Subject to subsections (3) and (5), as soon as practicable after a distribution is paid by a corporate taxpayer it shall send a tax credit voucher to every member who was included in the distribution.

(2) A tax credit voucher shall contain such information and be in such form as may be prescribed.

(3) No tax credit shall be allowed in respect of a distribution from reserves accumulated before 6 April 2006 and in such a case no tax credit voucher shall be issued.

(4) [Repealed]120

(5) This section shall not apply when the rate of the income tax charged on the profits of the corporate taxpayer at the time the profits out of which the distribution was derived were received or accrued is zero.

(6) The Treasury may make regulations to give full effect to this section.

(7) Regulations under this section shall not come into operation unless they are approved by Tynwald.121
25B Value of a tax credit voucher

(1) The value of a tax credit voucher shall be determined in accordance with the formula —

\[ G \times R \]

where:

“\( G \)” = the gross amount of income distributed to the member determined in accordance with subsection (2); and

“\( R \)” = the rate of the income tax charged on the profits of the corporate taxpayer at the time the profits out of which the distribution was derived were received or accrued.

(2) In determining the gross amount of income distributed to the member no account shall be taken of any payment of income tax or distribution credit, nor of any credit due to the member as distribution credit under section 13H or tax credit, and the amount shall be determined in accordance with the following —

The amount of income distributed \( \times \frac{100}{100 - R} \)

where \( R \) has the same meaning as in subsection (1).

(3) Subject to section 25A(3), the profits of a corporate taxpayer out of which a distribution is derived shall be treated on a first in first out basis.\(^\text{122}\)

25C Voucher a credit against income tax

(1) The value of a tax credit voucher shall be deducted from the amount of tax due and payable by the recipient of the credit voucher in respect of the year of assessment in which the distribution is paid.

(2) In respect of a tax credit voucher that is received by a non-corporate taxpayer, any unused balance of the value of the tax credit voucher shall be refundable except where the distribution in respect of which the voucher applies is excluded income under section 11A(2).

(3) In respect of a tax credit voucher that is received by a corporate taxpayer, any unused balance of the value of the tax credit voucher shall not be refundable nor shall it be carried forward.\(^\text{123}\)

26 [Repealed]\(^\text{124}\)

27 Deduction for remuneration of trustees

[1949/20]

Where a settlor or testator under any instrument creating a trust has directed remuneration to a trustee out of the income of the trust, or where the trustee or the beneficiary of the trust proves to the satisfaction of the Assessor that the trustee at the time of accepting the trust contracted for remuneration for his
services as trustee out of the income of the trust, the beneficiary shall be entitled to a deduction of such remuneration from such income up to an amount not exceeding five per centum of the annual income of the trust.

27A Provision of reliefs and allowances for trading losses and capital expenditure

(1) For the purposes of the assessment of income tax in respect of the profits and gains of any trade, profession or vocation, the Treasury may by order make such provision as it thinks fit for the deduction of reliefs, and the making of allowances, in respect of trading losses or capital expenditure.

(2) Without prejudice to the generality of subsection (1) above, or to Part 5 of the Interpretation Act 2015 (functions and powers), an order under this section may —

(a) permit reliefs and allowances to be carried forward from one period to subsequent periods;\(^{125}\)

(b) permit reliefs and allowances to be carried back from one period to previous periods;\(^{126}\)

(c) make special provision with respect to the allowances to be made in relation to any business providing for the lodging of tourists or visitors.\(^{127}\)

(3) Subject to subsection (4) below, any provision of an order made under this section may be made retrospective and be deemed to have come into operation from such day or days as may be specified in the order, not being earlier than the beginning of the period in which the order is made.\(^{128}\)

(4) An order made under this section shall not come into operation until it is approved by Tynwald.

(5) In this section, period means —

(a) in the case of the taxation of non-corporate taxpayers, a year of assessment; and

(b) in the case of the taxation of corporate taxpayers, an accounting period.\(^{129}\)\(^{130}\)

28 [Repealed]\(^{131}\)

29 Reliefs for certain capital expenditure

[1955/5]

(1) In the computation of the profits and gains of a trade or profession for the purpose of the Income Tax Acts, the Assessor (and on appeal the Commissioners) shall make the same initial, annual, exceptional
depreciation, and balancing allowances, and impose the same balancing charges in respect of industrial buildings and structures, machinery, plants, mines, oil wells, agricultural land and buildings, patents, and expenditure on scientific research as would be made if such profits or gains fell to be ascertained under and for the purposes of the Income Tax Acts of Parliament in force on 5 April 1994.132

(2) Notwithstanding subsection (1), the Treasury may by order, made with the approval of Tynwald, modify —

(a) the amount of the allowances made or charges imposed under subsection (1); and

(b) the conditions subject to which allowances may be made or charges may be imposed under subsection (1).133

(3) An order under subsection (2), may —

(a) make different provisions for different areas of the Isle of Man;

(b) modify the operation of Schedule 2 to the Income Tax Act 1980 in relation to such allowances or charges as are modified by such an order.134

30 Crime-related payments

(1) No deduction shall be allowed for any purpose under the Income Tax Acts in respect of expenses incurred —

(a) in making a payment if the making of the payment constitutes a criminal offence, or

(b) in making a payment outside the Island if the making of a corresponding payment in the Island would constitute a criminal offence in this Island.

(2) No deduction shall be allowed for any purpose under the Income Tax Acts in respect of expenses incurred in making a payment induced by a demand which constitutes the offence of blackmail under section 23 of the Theft Act 1981.135

31 No deduction allowed for capital employed

[1966/2(b)]

Save as hereinafter provided in this section no deduction shall be allowed for any sum employed or intended to be employed as capital, nor for any disbursements or expenses whatsoever not being money wholly and exclusively laid out or expended in acquiring the income upon which income tax is payable.
31A Deductions in prescribed cases

(1) Notwithstanding section 31, the Treasury may, in respect of any year of assessment or, in the case of a corporate taxpayer, any accounting period, by order —

(a) provide, in respect of such payments as may be prescribed, that persons shall be entitled —

(i) for the purpose of ascertaining taxable income, to have such deductions as are specified in the order to be made from their total income; or

(ii) for the purpose of ascertaining liability to income tax, to have such deductions as are specified in the order to be made from the liability to income tax that would have arisen but for the specified deduction;

(b) make provision as to the method of calculation of such deductions and as to whether such deductions shall be made in the year or period in which the payment is made or in any other year or period; and

(c) prescribe conditions and restrictions which are applicable to such deductions.

(2) An order under this section —

(a) may be made retrospective and shall be deemed to have had effect in respect of such year of assessment or, in the case of a corporate taxpayer, such accounting period as may be specified in the order;

(b) shall not come into operation until it has been approved by Tynwald.

31B Expenses defrayed from remuneration

[PI1988/1/199]

(1) Subsection (2) applies where the Treasury is satisfied, with respect to any class of individuals who are in receipt of any remuneration, that such individuals are obliged to lay out and expend money wholly, exclusively and necessarily in the performance of the duties in respect of which such remuneration is payable.

(2) Subject to subsection (3), the Treasury may by order fix such sum as in its opinion represents a fair equivalent of the average annual amount laid out and so expended by individuals of that class, and in charging income tax on such remuneration there shall be deducted from it the sums so fixed by the Treasury.

(3) If any such individual would, by or under section 31 or 31A of this Act, be entitled to deduct a larger amount than the sum so fixed, this section shall not apply.
(4) In this section, “remuneration” means income arising in respect of any remuneration from any office or employment held by the individual.

(5) Orders under subsection (1) shall be laid before Tynwald.\textsuperscript{141}

31C Compensation schemes

(1) Notwithstanding the provisions of this Act, the income of a compensation scheme shall not be liable to income tax.

(2) In calculating the taxable income of a person for a year of assessment —

(a) any sum expended in that year by that person in paying a contribution which he is required to pay to a compensation fund may be deducted as an allowable expense;

(b) any payment which is made to a person and is a repayment of contribution or is in respect of a repayment of contribution by or on behalf of a scheme manager shall be treated as income.

(3) Except as provided by subsection (2), any sum expended by a person in paying a contribution which he is required to pay to a compensation fund shall not be treated as an allowable expense for the purposes of the Income Tax Acts.

(4) In this section —

“compensation scheme” means a scheme established under section 25 of the Financial Services Act 2008 or section 43 of the Insurance Act 2008;\textsuperscript{142}

“fund” means a fund established under section 25 of the Financial Services Act 2008 or section 43 of the Insurance Act 2008 out of which compensation is to be paid under a compensation scheme;\textsuperscript{143}

“scheme manager” means the body administering a compensation scheme.\textsuperscript{144}

31D [Repealed]\textsuperscript{145}

32 No deduction allowed for gratuitous allowances

[1946/5(3)]

No deduction shall be allowed to any person for any gratuitous allowance made by him, and where any person has made a gratuitous allowance to any other person out of his income, the amount of such allowance shall not be assessed as income of the person receiving the allowance. The expression “allowance” includes any gift of money.
32A  [Repealed] 146

33  Deductions to be allowed in ascertaining taxable income and liability to income tax

An individual who, in the manner prescribed in this Act, makes a claim in that behalf, and who makes a return in the prescribed form of his or her total income from all sources, shall be entitled —

(a) for the purpose of ascertaining taxable income, to have such deductions as are permitted to be made from total income by the Income Tax Acts; and

(b) for the purpose of ascertaining liability to income tax, to have such deductions as are permitted by Income Tax Acts to be made from liability to income tax that would have arisen but for the permitted deduction. 147

34 and 34A [Repealed] 148

35  Personal allowance

(1) Subject to the provisions of this section, where a valid election is in force under section 65A of this Act for the aggregation of the income, deductions and reliefs of two persons who are spouses or civil partners of each other, they shall be entitled, for the purpose of ascertaining taxable income in any year of assessment, to a deduction of £28,000 from their total income. 149

(2) Subsection (1) shall not apply to any case where —

(a) the spouse or civil partner of the claimant is in receipt of remuneration which is subject to deduction of income tax under section 3 of the Income Tax (Instalment Payments) Act 1974; or 150

(b) [Repealed] 151

(2A) Subsections (1) and (4) to (6) do not apply in respect of a year of assessment in which —

(a) two persons marry or form a civil partnership and (in either case) begin to live together; or 152

(b) spouses or civil partners cease to be treated as living together. 153

(3) In all cases to which subsection (1) does not apply, an individual shall be entitled, for the purpose of ascertaining taxable income —

(a) in the case of a single person, to a deduction of £14,000 from total income. 155
(b) in the case of a married person who for that year of assessment is not living with his or her spouse, to a deduction of £14,000 from total income;\textsuperscript{156}

(ba) in the case of a civil partner who for that year of assessment is not living with his or her civil partner, to a deduction of £14,000 from total income;\textsuperscript{157}

(c) in the case of a spouse or civil partner who for that year of assessment is living with his or her spouse or civil partner, a deduction of £14,000 from total income.\textsuperscript{158}

(d) [Repealed]\textsuperscript{159}

(4) Subject to subsections (5) and (6), if the allowance of a spouse or civil partner under subsection (3)(c) is not exhausted, the unused balance of that allowance may be transferred to that person’s spouse and shall be added to and form part of the allowance of the spouse.\textsuperscript{160}

(4A) Subject to subsections (5) and (6), if the allowance of the civil partner under subsection (3)(c) is not exhausted, the unused balance if that allowance may be transferred to that person’s civil partner and shall be added to and form part of the allowance of the civil partner.\textsuperscript{161}

(5) Subsections (4) and (4A) shall apply if, and only if, a valid election is in force under section 65A of this Act for the aggregation of the income, deductions and reliefs of a spouse or civil partner.\textsuperscript{162}

(6) Any transfer under subsection (4) shall be made by the Assessor.

(6A) If the allowance of an individual (“the taxpayer”) under subsection (3)(a) is not exhausted and an additional deduction equal to the unused balance of that allowance is allowed to a claimant under section 39B of this Act, the maximum relief to which the taxpayer shall be entitled under this section is accordingly reduced by an amount equal to the additional deduction.\textsuperscript{163}

(7) In this section, the words “living together” and “living with” shall be construed in accordance with section 65E(2) of this Act.\textsuperscript{164}

(8) Subsections (2)(b) and (5) shall not come into operation until the day on which section 70 of the Income Tax Act 1989 comes into operation.\textsuperscript{165}

35A Allowance for blind persons

(1) If the claimant proves that for the whole or part of the year of assessment he was a registered blind person, he shall be entitled to a deduction of £2,900 from his total income.\textsuperscript{166}

(2) [Repealed]\textsuperscript{167}
Section 35

35B Allowance for disabled persons

(1) If the claimant proves that for the whole or any part of the year of assessment he was in receipt of either —

(a) attendance allowance under sections 64 to 66 of the Social Security Contributions and Benefits Act 1992 (an Act of Parliament) as that Act has effect in the Island; or

(b) disability living allowance under sections 71 to 73 of that Act,

the claimant shall be entitled to a deduction of £2,900 from his total income.\textsuperscript{170}

(2) [Repealed]\textsuperscript{171}

(3) A person cannot claim a deduction —

(a) under subsection (1) in addition to a claim for a deduction under section 35A(1);

(b) [Repealed]\textsuperscript{172}

(4) Section 65E(1) applies for the purpose of this section as it applies for the purposes of that section.\textsuperscript{173 174}

35C Personal allowance for non-residents

(1) An individual who is not resident in the Island shall be entitled, for the purpose of ascertaining taxable income in any year of assessment, to a deduction of £0 from total income from all sources within the Island (“Manx total income”).\textsuperscript{175}

(2) The allowance under this section in respect of a claimant who is married or is a civil partner shall be the same as it is for a single claimant.\textsuperscript{176 177}

35D Cessation of non-residence

Where an individual ceases to be regarded as non-resident and commences residence in the Island during the year of assessment, the Assessor shall allow only a proportion of the deduction under section 35C in respect of that individual corresponding to the proportion which the period during which the individual was non-resident in the year of assessment bears to the year.\textsuperscript{178}

35E Cessation of residence

Where an individual ceases to be regarded as resident in the Island during the year of assessment, the Assessor shall allow only a proportion of the deduction under section 35C in respect of that individual corresponding to the proportion
which the period during which the individual was non-resident in the year of assessment bears to the year.\textsuperscript{179}

36 to 38 [Repealed] \textsuperscript{180}

39 [Repealed] \textsuperscript{181}

39A Additional relief in respect of children: single persons

(1) This section applies to any person who —

(a) is not for the whole of the year of assessment —

(i) married and living with his or her spouse; or

(ii) a civil partner and living with his or her civil partner;\textsuperscript{182}

(b) is not at any time in the year living with another as if they were spouses or civil partners.\textsuperscript{183}

(2) Subject to subsection (3), if —

(a) the claimant is a person to whom this section applies, and

(b) a qualifying child is resident with the claimant for the whole or a part of a year of assessment,

the claimant shall be entitled for that year to a deduction of £6,400.\textsuperscript{184}

(3) A claimant is entitled to only one income deduction under subsection (2) for any year of assessment irrespective of the number of qualifying children resident with the claimant in that year.

(4) This section is subject to section 39D.\textsuperscript{185}

39AA Relief in respect of nursing expenses

(1) Subject to the following provisions of this section, if a claimant proves either —

(a) that he employs, wholly or partly at his own expense, a registered nurse to attend upon him or a relative residing with him, or

(b) that he pays, wholly or partly at his own expense, any fee charged by an adult care home under the \textit{Regulation of Care Act 2013} in respect of —

(i) the board, personal care and treatment of the claimant; or

(ii) the board, personal care and treatment of a relative who resides there,

the claimant shall be allowed a deduction from his or her liability to income tax of an amount equal to the cost to the claimant of such employment or fee multiplied by the lower rate but such deduction shall
not in any case exceed £12,500\(^{186}\) multiplied by the lower rate or such other sum as the Treasury may by order prescribe.\(^ {187}\)

(2) No deduction shall be allowed under subsection (1) unless the claimant proves that he, or, as the case requires, the relative, is so severely disabled physically or mentally that —

(a) by day, he requires from another person either —

(i) frequent attention throughout the day in connection with his bodily functions, or

(ii) continued supervision throughout the day in order to avoid substantial danger to himself or others; or

(b) at night, he requires from another person either —

(i) prolonged and repeated attention during the night in connection with his bodily functions; or

(ii) continual supervision throughout the night in order to avoid substantial danger to himself or others.

(2ZA) If a deduction is allowed under subsection (1) and the claimant proves either —

(a) that he also employs, wholly or partly at his own expense, a physiotherapist to attend upon the same person in respect of whom the claimant is allowed that deduction; or

(b) that he also pays, wholly or partly at his own expense, any fee charged by an adult care home under the Regulation of Care Act 2013 for a physiotherapist to attend upon a person who resides there and —

(i) that person is the same person in respect of whom the claimant is allowed that deduction; and

(ii) the fee charged for this attendance is in addition to the fee charged in respect of subsection (1)(b),

the claimant shall be allowed a deduction from his liability to income tax subject to subsection (2ZB).\(^ {188}\)

(2ZB) The deduction from liability to income tax allowed in subsection (2ZA) will be either —

(a) an amount equal to the cost to the claimant of such employment or fee multiplied by the lower rate provided the amount of such deduction, when added to the deduction allowed under subsection (1), does not in total exceed the maximum deduction allowed in subsection (1); or

(b) where the total in (a) would exceed the maximum deduction allowed, an amount equal to so much of the cost of the employment or fee multiplied by the lower rate as, when added to
the deduction allowed under subsection (1), does not in total exceed the maximum deduction allowed in subsection (1).\textsuperscript{189}

(2A) No deduction under subsection (1) or (2ZA) shall of itself entitle the claimant to a refund or repayment of tax.\textsuperscript{190}

(3) [Repealed]\textsuperscript{191}

(3A) For the purposes of this section —

“lower rate” has the same meaning as in section 1; and

“physiotherapist” means a physiotherapist who is registered with the Health Care Professional Council.\textsuperscript{192}

(4) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.

(5) This section, with the exception of subsection (1)(b), shall be deemed to have effect in respect of the tax year commencing on 6 April 1988 and subsequent years, and that subsection shall be deemed to have effect in respect of the tax year commencing on 6 April 1994 and subsequent years.\textsuperscript{193}

\section*{39B Additional relief in respect of children: persons living together for the whole year}

(1) This section applies to any person who for the whole of the year of assessment —

(a) is not —

(i) married and living with his or her spouse; or

(ii) a civil partner and living with his or her civil partner; but\textsuperscript{194}

(b) is living with another as if they were spouses or civil partners.\textsuperscript{195}

(2) Subject to subsection (4), if —

(a) the claimant is a person to whom this section applies, and

(b) a qualifying child is resident with the claimant for the whole or a part of a year of assessment, and

(c) the other person referred to in subsection (1)(b), has agreed in writing (which agreement shall be irrevocable),\textsuperscript{196}

the claimant shall be entitled for that year to an additional deduction under this section.

(3) The additional deduction under this section is the amount equal to the unused balance (if any) of the other partner’s personal relief under section 35 but shall not in any case exceed £6,400.\textsuperscript{197}
(4) A person is entitled to only one income tax deduction under this section for any year of assessment irrespective of the number of qualifying children resident with the couple in that year.

(5) This section is subject to section 39D.198

39C Additional relief in respect of children: persons living together for part of the year

(1) This section applies to any person —
   (a) who is for any part of the year of assessment —
      (i) married and living with his or her spouse; or
      (ii) a civil partner and living with his or her civil partner; and
   (b) who is not at any time in the year of assessment living with another as if they were spouses or civil partners.200

(2) Subject to subsection (4), if —
   (a) the claimant is a person to whom this section applies, and
   (b) a qualifying child is resident with the claimant for the whole or a part of a year of assessment,

the claimant shall be entitled for that year to an additional deduction under this section.

(3) The additional deduction under this section is determined by the following formula —

\[
\frac{£6,400}{365} \times N
\]

Where N is the number of days in the year during which the person is —
   (a) not married and living with his or her spouse; and
   (b) not a civil partner and living with his or her civil partner.201

(4) A person is entitled to only one income tax deduction under subsection (3) for any year of assessment irrespective of the number of qualifying children resident with the couple in that year.

(5) This section is subject to section 39D.202

39D Sections 39A to 39C: supplementary

(1) This section shall apply for the purposes of sections 39A to 39C (in this section referred to as “the sections”) and the sections shall have effect subject to this section.

(2) Relief under the sections is allowed only in respect of the number of days during which the child is both a qualifying child and resident with the
claimant, and where those criteria are fulfilled for part only of the year, the relief shall be reduced accordingly.

(3) For the purposes of subsection (2) and the sections a qualifying child means, in relation to any claimant and any year of assessment, a child of the claimant who —

(a) is under the age of 16 years; or

(b) is of or over that age but is under the age of 19 years and is receiving full-time instruction at any university, college, school or other educational establishment.

(4) In subsection (3), the reference to a child receiving full-time instruction at an educational establishment includes a reference to a child undergoing training by any person (“the employer”) for any trade, profession or vocation in such circumstances that the child is required to devote the whole of his time to the training for a period of not less than 2 years.

(5) If any question arises under this section —

(a) whether a child is receiving full-time instruction at an educational establishment, the Assessor may consult the Department of Education, Sport and Culture; or

(b) whether a child is undergoing training as required by subsection (4), the Assessor may require the claimant to furnish such particulars with respect to the training of the child as the Assessor may require.

(6) In subsection (4) and the sections the reference to a child of the claimant means —

(a) a child who is a marital child of the claimant;

(b) a stepchild of the claimant; and

(c) a child who is wholly maintained by the claimant at the claimant’s own expense.

(7) An individual shall not be regarded as entitled to relief under the sections for any year of assessment in connection with the same child as another individual if there is another child in connection with whom he, and he alone, is entitled to relief under that section for that year.

40  to 43 [Repealed] 205

43A  Age-Relief: income support

A claimant who satisfies the Assessor that during the year of assessment he has attained the age of 60 years or upwards, shall be entitled to exemption from income tax in respect of payments of income support to him in that year under the Social Security Contributions and Benefits Act 1992, an Act of Parliament, as
Section 44

Income Tax Act 1970

that Act has effect in the Island by virtue of an order under section 1 of the Social Security Act 1982.206

43B Age allowance

(1) Where an individual is 65 years or over for the whole of the year of assessment, that person is entitled to a deduction of £0, or such other sum as is prescribed by order of the Treasury, from his or her total income.207

(2) Where a valid election made in accordance with section 65C (a “joint treatment election”) is in force, the deduction or, as the case may be, both deductions shall be aggregated under section 65A(3).

(3) An order under subsection (1) must not come into operation unless it is approved by Tynwald.208

44 [Repealed]209

44A Deduction for provision for surviving spouse, civil partner and children210

Any individual who is under the terms and conditions of his employment liable for the payment of any sum, or to the deduction from his salary or stipend of any sum, for the purpose of securing a deferred annuity to his surviving spouse or civil partner, or provision for his children after his death, shall be entitled to have the amount of his total income reduced by a deduction, representing the amount paid by him or deducted from his salary or stipend.211

44B Lump sum benefits on retirement

[P1988/1/189]

(1) A lump sum to a person (whether on his retirement from an office or employment or otherwise) shall not be chargeable to income tax if —

(a) it is paid in pursuance of any such scheme as is described in section 6(1) of the Income Tax (Retirement Benefit Schemes) Act 1978 and is neither a payment of compensation to which subsection (2) applies nor a payment to which subsection (3) applies; or

(b) it is a benefit paid in pursuance of a retirement benefits scheme within the meaning of section 13 of the said Act of 1978 and the person to whom it was paid was chargeable to tax under section 5 of that Act in respect of sums paid, or treated as paid, with a view to the provision of the benefit; or

(c) it is paid under approved personal pension arrangements (within the meaning of Part 1 of the Income Tax Act 1989).
(2) This subsection applies to compensation for loss of office or employment or for loss or diminution of remuneration which, in either case is due to ill-health, but this subsection shall not be taken to apply to any payment properly regarded as a benefit earned by past service.

(3) This subsection applies to any payment to or for the benefit of an employee, otherwise than in course of payment of a pension, being a payment made out of funds which are or have been held for the purposes of a scheme which is or at any time has been approved for the purposes of section 47 of this Act or the Income Tax (Retirement Benefit Schemes) Act 1978 if the payment —

(a) is not expressly authorised by the rules of the scheme; or

(b) is made at a time when the scheme is not approved for the purposes of those enactments, and would not have been expressly authorised by the rules of the scheme when it was last approved.  

45 to 47 [Repealed]  

48 Social security benefits liable to tax

(1) Any payment of benefit under —

(a) an enactment of Parliament applied to the Island by an order made under section 1 of the Social Security Act 2000, or

(b) an order made or having effect as if made under section 1A of the Social Security Act 2000,

(c) [Repealed]

shall be charged to income tax as earned income for the year of assessment in which the benefit is paid.

This is subject to the following qualification.

(2) Despite subsection (1), the Treasury may by order provide that any benefit, or any component or part of, or supplement to, a benefit (however described) is not to be treated as income for any purpose of the Income Tax Acts.

(3) An order under subsection (2) may make different provision for different cases, and may provide for exceptions from the treatment for which it provides.

(4) [This sub-section is spent by virtue of the coming into operation of the Income Tax (Social Security Benefits) (Exemptions) Order 2014: see SD2014/0122.]

(5) The Treasury may by order amend subsection (1) to add, remove or amend a reference to an enactment having effect in the Island.
Section 44

48A Relief in respect of payments on retirement, etc

[PI970/10/187(1)-(3) and 188(3)]

(1) Any termination payment shall be chargeable to income tax, but tax shall not be charged in respect of a termination payment of an amount not exceeding £30,000 which is made to the holder or past holder of any office or employment, or to his executors or administrators, whether made by the person under whom he holds or held the office or employment or by any other person.  

(2) In the case of a termination payment which exceeds the amount mentioned in subsection (1), income tax shall be charged only in respect of the excess.

(3) Where two or more termination payments are made to or in respect of the same person in respect of the same office or employment, or in respect of different offices or employments held under the same employer or under associated employers, this section shall apply as if those payments were a single payment of an amount equal to the aggregate amount.

(4) The Treasury may by order made with the approval of Tynwald, vary the amount mentioned in subsection (1).

(5) For the purposes of this section, offices or employments in respect of which termination payments are made shall be treated as held under associated employers if, on the date which is the relevant date in relation to any of those payments, one of those employers is under the control of the other or of a third person who controls or is under the control of the other on that or any other such date.

(6) In this section —
“control” shall be construed in accordance with section 119A of this Act.220

“termination payment” means a payment which is made, whether in pursuance of any legal obligation or not, either directly or indirectly in consideration or in consequence of, or otherwise in connection with, the termination of the holding of any office or employment or any change in its functions or emoluments, including any payment in commutation of annual or periodical payments (whether chargeable to tax or not) which would otherwise have been made as aforesaid but does not include any payment which is otherwise chargeable to income tax;221

“the relevant date” means in relation to a termination payment not being a payment in commutation of annual or other periodical payments, the date of the termination or change in respect of which it is made and, in relation to a termination payment in commutation of annual or other periodical payments, the date of the termination or change in respect of which those payments would have been made.222

### 48B Statutory redundancy payments

(1) Any redundancy payment, and the corresponding amount of any other employer's payment, shall be chargeable to income tax and shall be taken into account as a termination payment under section 48A of this Act.

(2) Where the Treasury pays a sum under section 25 of the Redundancy Payments Act 1990 in respect of an employer’s payment this section shall apply as if —

(a) that sum had been paid on account of that redundancy or other employer’s payment; and

(b) so far as the employer has reimbursed the Treasury it had been paid by the employer.223 224

(3) Where a redundancy payment or other employer’s payment is made in respect of employment wholly in a trade, profession or vocation carried on by the employer, and within the charge to tax, the amount of the redundancy payment or the corresponding amount of the other employer's payment shall be allowable as a deduction (and not otherwise) in computing for the purposes of the Income Tax Acts the profits or gains or losses of the trade, profession or vocation, but —

(a) the amount of the rebate recoverable shall (if it is not otherwise to be so treated) be treated as a receipt to be brought into account in computing those profits or gains; and

(b) if the employer’s payment was made after discontinuance of the trade, profession or vocation the net amount so deductible shall be treated as if it were a payment made on the last day on which the trade, profession or vocation was carried on.

(4) In this section —
(a) “redundancy payment”, “employer’s payment” and “rebate” have the same meaning as in the *Redundancy Payments Act 1990* (“the 1990 Act”);

(b) references to the corresponding amount of an employer’s payment (other than a redundancy payment) are references to the amount of that employer’s payment so far as not in excess of the amount of the relevant redundancy payment (and so that, where in consequence of section 23(2) of the 1990 Act there is no relevant redundancy payment, the corresponding amount of an employer’s payment is nil);

(c) [Repealed]225

(5) For the purposes of subsection (4) “relevant redundancy payment” shall be construed in accordance with paragraph 7 of Schedule 2 to the said Act of 1990.226

48C Medical insurance: relief

(1) This section applies where —

(a) on or after 6 April 1994 an individual makes a payment in respect of a premium under a contract of private medical insurance (whenever issued);

(b) the contract meets the requirement in subsection (2) as to the person or persons insured;

(c) at the time the payment is made the contract is an eligible contract;

(d) the individual making the payment does not make it out of resources provided by another person for the purpose of enabling it to be made; and

(e) the individual making the payment is not entitled to claim any relief or deduction in respect of it under any other provision of the Income Tax Acts.

(2) The requirement mentioned in subsection (1)(b) is that the contract insures —

(a) an individual who at the time the payment is made is aged 60 or over and resident in the Isle of Man;

(b) individuals each of whom at that time is aged 60 or over and resident in the Isle of Man; or

(c) two individuals who are married to, or are civil partners of, each other at that time, at least one of whom is aged 60 or over at that time, and each of whom is resident in the Isle of Man at that time.227
Subject to subsections (4) and (5) and to regulations under subsection (6), if the payment is made by an individual who at the time it is made is resident in the Isle of Man (whether or not he is the individual or one of the individuals insured by the contract) an amount equal to the payment multiplied by the lower rate shall be deducted from his or her liability to income tax for the year of assessment in which it is made.\(^{228}\)

Relief under subsection (3) shall not in any year exceed £1,800 multiplied by the lower rate or such other sum as may be prescribed.\(^{229}\)

No deduction under subsection (3) shall of itself entitle the individual to a refund or repayment of tax.\(^{230}\)

Relief under subsection (3) shall be given only on a claim made for the purpose.

The Treasury may make regulations —
\(\text{(a)}\) varying the ages specified in subsection (2);
\(\text{(b)}\) providing that in circumstances prescribed in the regulations an individual who has made a payment in respect of a premium under a contract of private medical insurance shall cease to be, and be treated as not having been, entitled to relief under subsection (3);
\(\text{(c)}\) providing that a claim under subsection (3) shall be made in such form and manner, shall be made at such time, and shall be accompanied by such documents as may be prescribed;
\(\text{(d)}\) varying the sum specified in subsection (4).

In this section, references to a premium, in relation to a contract of insurance, are to any amount payable under the contract to the insurer.

In this section, “lower rate” has the same meaning as in section 1.\(^{231\ 232}\)

### 48D Eligible contacts

This section has effect to determine whether a contract is at a particular time (“the relevant time”) an eligible contract for the purposes of section 48C.

A contract is an eligible contract at the relevant time if —
\(\text{(a)}\) it was entered into by an insurer who at the time it was entered into was a qualifying insurer;
\(\text{(b)}\) no benefit has been provided by virtue of the contract other than an approved benefit;
\(\text{(c)}\) the contract satisfies such other requirements as are for the time being specified in regulations made by the Treasury.

For the purposes of this section each of the following is a qualifying insurer —
(a) an insurer lawfully carrying on in the Isle of Man long term business within the meaning given under the *Insurance Act 2008*;\(^{233}\)

(b) an insurer not carrying on business in the Isle of Man but carrying on business in the United Kingdom or another contracting State of the European Economic Area and being either a national of such a State or a company or partnership formed under the law of the Isle of Man or the United Kingdom or another such State and having its registered office, central administration or principal place of business in such State.

(4) For the purposes of this section a benefit is an approved benefit if —

(a) the contract either provides indemnity in respect of all or any of the costs of all or any of the treatments, medical services and other matters for the time being specified in regulations made by the Treasury, or in addition to providing indemnity of that description provides cash benefits falling within rules for the time being so specified;

(b) the contract does not confer any right other than such a right as is mentioned in paragraph (a).\(^{234}\)

### 49 Retirement annuities (relief for premiums)

[1959/1]

(1) Where, in the year 1958-59, or any subsequent year of assessment, an individual resident in the Isle of Man —

(a) was, or is (or would have been or would, but for an insufficiency of profits or gains be) chargeable to tax in respect of relevant earnings from any trade, profession, vocation, office or employment, carried on or held by him; and

(b) has paid, or pays, a premium or other consideration under an annuity contract for the time being approved by the Assessor as having for its main object the provision for the individual of a life annuity in old age or under a contract for the time being approved under section 49A of this Act (hereinafter referred to as “a qualifying premium”);\(^{235}\)

then relief from tax may be given in respect of the qualifying premium under the next following section, and any annuity payable to the same or another individual shall be treated as earned income of the annuitant to the extent to which it is payable in return for any amount on which relief is so given.

(2) Subject to the next following subsection, the Assessor shall not approve a contract unless it appears to him to satisfy the conditions that it is made by the individual with a person lawfully carrying on in the Isle of Man or
the United Kingdom the business of granting annuities on human life,
and that it does not —

(a) provide for the payment by that person during the life of the
individual of any sum except sums payable by way of annuity to
the individual; or

(b) provide for the annuity payable to the individual to commence
before he attains the age of sixty or after he attains the age of
seventy-five; or

(c) provide for the payment by that person of any other sums except
sums payable by way of annuity to the individual’s surviving
spouse or surviving civil partner and any sums which in the event
of no annuity becoming payable either to the individual or to a
surviving spouse or surviving civil partner, are payable by way of
return of premiums, by way of reasonable interest on premiums
or by way of bonuses out of profits; or

(d) provide for the annuity, if any, payable to a surviving spouse or
surviving civil partner of the individual to be of greater annual
amount than that paid or payable to the individual; or

(e) provide for the payment of any annuity otherwise than for the life
of the annuitant,

and that it does include provision securing that no annuity payable
under it shall be capable in whole or in part of surrender, commutation
or assignment.

Provided that the contract may give the individual the right to receive,
by way of commutation or part of the annuity payable to him, a lump
sum not exceeding three times the annual amount of the remaining part
of the annuity, taking, where the annual amount is or may be different in
different years, the initial annual amount, and shall make any such right
depend on the exercise by the individual of an election at or before the
time when the annuity first becomes payable to him.

(3) The Assessor may, if he thinks fit, and subject to any condition he thinks
proper to impose, approve a contract otherwise satisfying the foregoing
conditions notwithstanding that the contract provides for one or more of
the following matters, that is to say —

(a) for the payment after the individual’s death of an annuity to a
dependant not the surviving spouse or surviving civil partner of
the individual;

(b) for the payment to the individual of an annuity commencing
before he attains the age of sixty, if the annuity is payable on his
becoming incapable through infirmity of mind or body of
carrying on his own occupation or any occupation of a similar
nature for which he is trained or fitted;
(c) if the individual's occupation is one in which persons customarily retire before attaining the age of sixty, for the annuity to commence before he attains that age;\(^{241}\)

(d) for the annuity payable to any person to continue for a term certain (not exceeding ten years), notwithstanding his death within that term, or for the annuity payable to any person to terminate, or be suspended, on marriage, formation of a civil partnership (or remarriage or formation of another civil partnership) or in other circumstances;\(^{242}\)

(e) in the case of an annuity which is to continue for a term certain, for the annuity to be assignable by will, and in the event of any person dying entitled to it, for it to be assignable by his personal representatives in the distribution of the estate so as to give effect to a testamentary disposition, or to the rights of those entitled on intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.

(4) So much of subsection (1) of this section as provides that an annuity shall be treated, in whole or in part, as earned income of the annuitant shall apply only in relation to the annuitant to whom the annuity is made payable by the terms of the contract.

(5) The foregoing provisions of this section shall apply in relation to a contribution under a trust scheme approved by the Assessor as they apply in relation to a premium under an annuity contract so approved, with the modification that, for the conditions as to the person with whom the contract is made, there shall be substituted a condition that the scheme —

(a) is established under the law of any part of, and administered in, the Isle of Man or the United Kingdom; and

(b) is established for the benefit of individuals engaged in or connected with a particular occupation (or one or other of a group of occupations), and for the purpose of providing retirement annuities for them, with or without subsidiary benefits for their families or dependants; and

(c) is so established under irrevocable trusts by a body of persons comprising or representing a substantial proportion of the individuals so engaged in the United Kingdom, or of those so engaged in the Isle of Man, or of those so engaged in England, Wales, Scotland or Northern Ireland,

and with the necessary adaptations of other references to the contract or the person with whom it is made.

(6) Exemptions from income tax shall be allowed in respect of income derived from investments or deposits of any fund maintained for the purposes of and approved under this Act.
(6A) In subsection (6) above, “investments” includes contracts entered into in the course of dealing in financial futures or traded options.243

(7) The Assessor may at any time, by notice in writing given to the persons by and to whom premiums are payable under any contract for the time being approved under this section, or to the trustees, or other persons having the management of any scheme so approved, withdraw the approval on such grounds and from such date as may be specified in the notice.

(8) Notwithstanding that a valid election is in force under section 65A of this Act (election for joint assessment), for the purposes of this section and sections 50 and 50A, an individual’s relevant earnings shall not include any income of the spouse or civil partner of that individual.244

(9) Subject to the last foregoing subsection, “relevant earnings” in relation to any individual means for the purposes of this Act any income of his chargeable to tax for the year of assessment in question, being either —

(a) income arising in respect of remuneration from an office or employment of profit held by him other than a pensionable office or employment; or

(b) income from any property which is attached to or forms part of the emoluments of any such office or employment of profit held by him; or

(c) income which is immediately derived by him from the carrying on or exercise by him of his trade, profession or vocation either as an individual or, in the case of a partnership, as a partner personally acting therein; or

(d) income treated as earned income by virtue of its being income from patent rights arising to an individual where the patent was granted for an invention actually devised by him, whether alone or with any other person,

but does not include any remuneration as director of an investment company (as defined in section one hundred and twenty of this Act).

(10) For the purposes of this Act an office or employment is a pensionable office or employment if, and only if, service in it is service to which a sponsored superannuation scheme relates (not being a scheme under which the benefits provided in respect of that service are limited to a lump sum payable on the termination of the service through death or disability before the age of seventy or some lower age), but references to a pensionable office or employment apply whether or not the duties are performed wholly or partly in the Isle of Man or the holder is chargeable to tax in respect of it:

Provided that service in an office or employment shall not for the purposes of this definition be treated as service to which a sponsored superannuation scheme relates by reason only of the fact that the holder
of the office or employment might (though he does not) participate in the
scheme by exercising or refraining from exercising an option open to him
by virtue of that service.

(11) In the last foregoing subsection “a sponsored superannuation scheme”
means a scheme or arrangement relating to service in particular offices or
employments and having for its object or one of its objects to make
provision in respect of persons serving therein against future retirement
or partial retirement, against future termination of service through death
or disability, or against similar matters, being a scheme or arrangement
under which any part of the cost of the provision so made is or has been
borne otherwise than by those persons by reason of their service
(whether it is the cost or part of the cost of the benefits provided, or of
paying premiums or other sums in order to provide those benefits, or of
administering or instituting the scheme or arrangement); but for this
purpose a person shall be treated as bearing by reason of his service the
cost of any payment made or agreed to be made in respect of his service,
if that payment or the agreement to make it is treated under the Income
Tax Acts as increasing his income, or would be so treated if he were
chargeable to tax in respect of his emoluments from that service.

49A Contracts for dependants or life insurance

(1) The Assessor may approve under this section —

(a) a contract the main object of which is the provision of an annuity
for the spouse or civil partner of the individual, or for any one or
more dependants of the individual, \(^{245}\)

(b) a contract the sole object of which is the provision of a lump sum
on the death of the individual before he attains the age of 75, \(^{246}\)

(2) The Assessor shall not approve the contract unless it appears to him that
it is made by the individual with a person lawfully carrying on in the Isle
of Man or the United Kingdom the business of granting annuities on
human life.

(3) The Assessor shall not approve a contract under subsection (1)(a) above
unless it appears to him to satisfy all the following conditions, that is —

(a) that any annuity payable to the spouse or civil partner or
dependant of the individual commences on the death of the
individual, \(^{247}\)

(b) that any annuity payable to the individual commences at a time
after the individual attains the age of 60, and, unless the
individual’s annuity is one to commence on the death of a person
to whom an annuity would be payable under the contract if that
person survived the individual, can not commence after the time
when the individual attains the age of 75, \(^{248}\)
(c) that the contract does not provide for the payment by the person contracting with the individual of any sum, other than any annuity payable to the individual’s spouse or civil partner or dependant, or to the individual except, in the event of no annuity becoming payable under the contract, any sums payable by way of return of premiums, by way of reasonable interest on premiums or by way of bonuses out of profits,\(^\text{249}\)

(d) that the contract does not provide for the payment of any annuity otherwise than for the life of the annuitant,

(e) that the contract does include provision securing that no annuity payable under it shall be capable in whole or in part of surrender, commutation or assignment.

(4) The Assessor may, if he thinks fit, and subject to any conditions that he thinks proper to impose, approve a contract under subsection (1)(a) above notwithstanding that, in one or more respects, he is not satisfied that the contract complies with the provisions of paragraphs (a) to (e) of subsection (3) above.

(5) Subsections (2) and (3) of section 49 above shall not apply to the approval of a contract under this section.

(6) The main purpose of a trust scheme, or part of a trust scheme, within section 49(5) above may be to provide annuities for the wives, husbands and dependants of the individuals, or lump sums payable on death and in that case —

(a) the approval of the trust scheme shall be subject to the preceding provisions of this section with any necessary modifications, and not subject to subsections (2) and (3) of section 49 above,

(b) the provisions of this section and of sections 49 and 50 of and the Schedule to this Act shall apply to the scheme or part of the scheme when duly approved as it applies to a contract approved under this section,

(c) section 49(6) above (tax relief for investments or deposits of the fund) shall apply to any duly approved trust scheme, or part of a trust scheme.\(^\text{250}\)

(7) Except as otherwise provided in this section or in sections 49 and 50 of or the Schedule to this Act, any reference in the Income Tax Acts to a contract or scheme approved under section 49 above shall include a reference to a contract or scheme approved under this section.\(^\text{251}\)

50 Nature and amount of relief for qualifying premiums

[1959/2]

(1) Where relief is to be given under this section in respect of any qualifying premium paid by an individual, the amount of the premiums paid in a
year of assessment shall, subject to the provisions of this section, be deducted from or set off against his relevant earnings for that year of assessment.\textsuperscript{252}

(1A) Subject to the provisions of this section and of Part I and Part II of the First Schedule of the principal Act (as amended), the amount which may be deducted or set off in any year of assessment (whether in respect of one or more qualifying premiums, and whether or not including premiums in respect of a contract approved under section 49A of this Act) shall not be more than 17.5 per cent. of the individual’s net relevant earnings for that year of assessment.\textsuperscript{253}

(1B) Subject to the provisions of this section, the amount which may be deducted or set off in any year of assessment in respect of qualifying premiums paid under a contract approved under section 49A of this Act (whether in respect of one or more such premiums) shall not be more than 5 per cent. of the individual’s net relevant earnings for that year of assessment.\textsuperscript{254}

(1BB) An individual who pays a qualifying premium in a year of assessment (whether or not a year for which he has relevant earnings) may before the end of that year elect that the premium shall be treated as paid —

(a) in the last preceding year of assessment; or

(b) if he had no net relevant earnings in the year referred to in paragraph (a) above, in the last preceding year of assessment but one;

and where an election is made under this subsection in respect of a premium the other provisions of sections 49 to 50 shall have effect as if the premium had been paid in the year specified in the election and not in the year in which it was actually paid.\textsuperscript{255}

(1C) \textsuperscript{256}

(3) For the purposes of relief under this section, an individual’s relevant earnings are those earnings after deductions allowable in computing profits or gains but before giving effect to allowances falling to be made under section twenty-nine of this Act (but after taking into account the amounts on which charges fall to be so made), and references to income in the following provisions of this section (other than references to total income) shall be construed similarly.

(4) Subject to the following provisions of this section “net relevant earnings” means, in relation to any individual, the amount of his relevant earnings for the year of assessment in question, less the amount of any deductions falling to be made from the relevant earnings in computing for the purposes of tax his total income for that year, being —

(a) deductions in respect of payments made by him; or
(b) deductions in respect of losses or of allowances under section twenty-nine of this Act, being losses or allowances arising from activities, profits or gains of which would be included in computing relevant earnings of the individual or of the individual’s spouse or civil partner for the year 1958-59 or a later year of assessment. 257 258

(5) [Repealed] 259

(6) Where an individual’s income for any year of assessment consists partly of relevant earnings and partly of other income, then as far as may be any deductions which fall to be made in computing his total income, and which may be treated in whole or in part either as made from relevant earnings or as made from other income, shall be treated for the purposes of this section as being made from those relevant earnings in so far as they are deductions in respect of any such loss or allowance as is mentioned in paragraph (b) of subsection (4) of this section, and otherwise as being made from that other income.

(7) An individual’s net relevant earnings for any year of assessment are to be computed without regard to any relief which falls to be given for that year under this section either to the individual or to the individual’s wife or husband.

(8) Where relief under this section for any year of assessment is claimed and allowed (whether or not relief falls to be given for that year), and afterwards there is made any additional assessment, alteration of an assessment, or other adjustment of the claimant’s liability to tax, there shall be made also such adjustments, if any, as are consequential thereon in the relief allowed or given under this section for that or any subsequent year of assessment.

(9) Where relief under this section is claimed and allowed for any year of assessment in respect of any payment, relief shall not be given in respect of it under any other provision of the Income Tax Acts for the same or a later year of assessment nor (in the case of a payment under an annuity contract) in respect of any other premium or consideration for an annuity under the same contract. 260

(10) The allowances mentioned in paragraph (b) of subsection (4) of this section shall not be treated as including amounts carried forward from a year of assessment earlier than the year 1958-59.

50A Carry-forward of unused relief under s 50

(1) Where the condition in section 49(1)(a) above is satisfied as respects the whole or part of a year of assessment but there is unused relief for that year, that is to say, an amount which could have been deducted from or set off against the individual’s relevant earnings for that year under section 50(1) above if
(a) he had paid a qualifying premium in that year; or
(b) the qualifying premium or premiums paid by him in that year had been greater,
relief may be given under section 50 above, up to the amount of the unused relief, in respect of so much of any qualifying premium or premiums paid by the individual in any of the next six years of assessment as exceeds the maximum applying for that year under section 50(1A) above.

(2) Relief by virtue of this section shall be given for an earlier year rather than a later year, the unused relief taken into account in giving relief for any year being deducted from that available for giving relief in subsequent years and unused relief derived from an earlier year being exhausted before unused relief derived from a later year.

(3) Where a relevant assessment to tax in respect of a year of assessment becomes final and conclusive more than six years after the end of that year and there is an amount of unused relief for that year which results from the making of the assessment —
(a) that amount shall not be available for giving relief by virtue of this section for any of the six years following that year; but
(b) the individual may, within the period of six months beginning with the date on which the assessment becomes final and conclusive, elect that relief shall be given under section 50 above, up to that amount, in respect of so much of any qualifying premium or premiums paid by him within that period as exceeds the maximum applying under section 50(1A) above for the year of assessment in which they are paid;
and to the extent to which relief in respect of any premium or premiums is given by virtue of this subsection it shall not be given by virtue of subsection (1) above.

(4) In this section “a relevant assessment to tax” means an assessment on an individual’s relevant earnings or on the profits or gains of a partnership from which the individual derives relevant earnings.261

PART 3 - RELIEF ETC FOR INTERNATIONAL PERSONAL AND OCCUPATIONAL PENSION SCHEMES262

50B Relief for certain personal and occupational pension schemes
(1) Exemption from income tax shall, on a claim being made, be allowed in respect of income derived from investments or deposits if, or to such extent as the Assessor is satisfied that, it is income from investments or deposits held for the purposes of a pension scheme which is approved under subsection (2).
(2) Subject to subsection (3), the Assessor may, if he thinks fit, having regard to the facts of a particular case, and subject to such reasonable conditions, if any, as he thinks proper to attach to the approval, approve a pension scheme for the purposes of this section.

(3) The Assessor shall not approve a scheme under subsection (2) unless the scheme —

(a) is a personal pension scheme —

(i) which is made by an individual who is not resident in the Island and whose employment, trade or profession, if any, is exercised outside the Island;

(ii) which is properly established under irrevocable trusts governed by the laws of the Island;

(iii) which has for its sole or main purpose the provision of relevant benefits for the individual; and

(iv) the administrator of which is resident in the Island; or

(b) is an occupational pension scheme —

(i) which is properly established under irrevocable trusts in relation to a trade or undertaking carried on wholly or partly outside the Island;

(ii) which has for its sole or main purpose the provision of relevant benefits in respect of persons’ employment in the trade or undertaking wholly outside the Island;

(iii) which is recognised by the employer and employees in the trade or undertaking; and

(iv) the administrator of which is resident in the Island.

(4) For the purposes of subsection (3), the performance of duties in the Island which are merely incidental to the performance of other duties outside the Island, shall be treated as performed outside the Island.

(5) The payment of a relevant benefit made under a scheme approved under subsection (2) to a person not resident in the Island shall not be income in respect of which income tax may be imposed under the Income Tax Acts.

(6) The Treasury may by regulations restrict the Assessor’s discretion to approve a scheme under this section by reference to such criteria or circumstances as may be specified in the regulations.

(7) In this section —

“administrator” means the person responsible for the management of the scheme;

“relevant benefits” means any pension, annuity, lump sum, gratuity or other like benefit given or to be given on retirement or death, or in anticipation of retirement.
Regulations under subsection (6) shall not come into operation unless they are approved by Tynwald.\textsuperscript{263}

50C Relief for certain personal and occupational pension schemes

(1) Exemption from income tax shall, on a claim being made, be allowed in respect of income derived from investments or deposits if, or to the extent that the Assessor is satisfied that, it is income from investments or deposits held for the purposes of a pension scheme approved under subsection (2).

(2) Subject to subsection (3), the Assessor may, if he thinks fit, having regard to the facts of a particular case, and subject to such reasonable conditions, if any, as he thinks proper to attach to the approval, approve a pension scheme for the purposes of this section.

(3) The Assessor shall not approve a scheme unless the scheme satisfies the conditions in subsection (4) or (5).

(4) The condition is that the scheme is a personal pension scheme —
   (a) where the arrangement within the scheme is made by an individual;
   (b) which is properly established under irrevocable trusts governed by the laws of the Island;
   (c) whose sole purpose is the provision of relevant benefits for the individual;
   (d) from which the payment of relevant benefits cannot commence until the member attains the age of 55;
   (e) in which at least 70\% of a member’s tax-relieved scheme funds are to provide the member with an income for life;
   (f) the administrator and at least one trustee of which are resident in the Island; and
   (g) the administrator of which has a fixed place of business in the Island from which the administrator’s business is conducted.

(5) The condition is that the scheme is an occupational pension scheme —
   (a) which is properly established under irrevocable trusts in relation to a trade or undertaking;
   (b) whose sole purpose is the provision of relevant benefits in respect of persons’ employment in the trade or undertaking;
   (c) which is recognised by the employer and employees in the trade or undertaking;
   (d) from which the payment of relevant benefits cannot commence until the member attains the age of 55;
   (e) in which at least 70\% of a member’s tax-relieved scheme funds are to provide the member with an income for life;
(f) the administrator and at least one trustee of which are resident in the Island; and

(g) the administrator of which has a fixed place of business in the Island from which the administrator's business is conducted.

(6) The relevant benefit may commence before the member attains the age of 55 if it is payable on the member becoming incapable through infirmity of body or mind of carrying on his own occupation or any occupation of a similar nature for which the member is trained.

(7) A relevant benefit made under a scheme approved under subsection (2) shall be payable to a person without the deduction of income tax but shall be income in respect of which income tax may be imposed under the Income Tax Acts.

(8) Any contribution made by a member or any other person into any scheme approved under subsection (2) shall not be allowed as a deduction against the total income of that member or as a deduction against the profit of any person.\(^{264}\)

### 50D Charge to tax: unauthorised payments

(1) Any payment made out of funds which are or have been held for the purposes of a scheme approved under section 50C(2) to or for the benefit of a person and which is not expressly authorised by the rules of the scheme shall be an unauthorised payment and shall be chargeable to income tax on the member in the year of assessment in which the payment is made.

(2) Any income tax chargeable under subsection (1) shall be accounted for and paid over to the Assessor by the administrator within 14 days of the date on which the unauthorised payment is made.

(3) Any tax paid by the administrator under subsection (2) —

(a) shall be deemed to be paid on behalf of the member; and

(b) shall be deducted from the unauthorised payment.

(4) The administrator shall give to the member written notice of the deduction of the charge in such form as the Assessor may approve.

(5) The Assessor shall issue to the member a certificate in respect of the deduction and that certificate shall have the same effect as an assessment made upon the member.\(^{265}\)

### 50E Supplementary charge on unauthorised payments

(1) In addition to the income tax charge specified in 50D(1), if an unauthorised payment is made, the member will be liable to a supplementary charge of 20% of the unauthorised payment’s value.
(2) The value of the unauthorised payment to be used for calculating the supplementary charge shall be that before making any deduction in accordance with section 50D(3)(b).

(3) The Assessor may, if he thinks fit, remit any supplementary charge or portion of a charge payable under this section.

(4) The supplementary charge shall be payable to the Assessor by the administrator as a debt due in all respects as if it were income tax due under the Income Tax Acts.

(5) The supplementary charge shall be accounted for and paid over to the Assessor by the administrator within 14 days of the date on which the relevant payment is made.

(6) Any supplementary charge paid by the administrator under subsection (4) —

(a) shall be deemed to be paid on behalf of the member; and

(b) shall be deducted from the unauthorised payment.

(7) The administrator shall give to the member written notice of the deduction of the supplementary charge in such form as the Assessor may approve.

(8) The Assessor shall issue to the member a certificate in respect of the deduction and that certificate shall have the same effect as an assessment made upon the member.

(9) A member of an approved scheme may appeal to the Commissioners against a supplementary charge under this section in the same manner as an appeal against an assessment to income tax and the Commissioners may confirm, rescind or amend the charge.266

50F Administration

(1) If an individual has made an election that has been approved under section 2ZA(3) or 2ZA(7)(b) and is in force and that individual also receives an unauthorised payment under section 50D(1), the income tax cap amount applicable to the election shall be increased by a sum equal to 20% of the unauthorised payment in the year of assessment in which the payment is received.267

(2) Despite anything in —

(a) Chapter I of Part III of the Pension Schemes Act 1993 (of Parliament) as it has effect in the Isle of Man; or

(b) any Regulations made under that Act,
a personal pension scheme approved under section 50C(2) shall be regarded for the purposes of that Chapter as an appropriate scheme and an appropriate scheme certificate may be issued accordingly in accordance with section 7(1)(b) of that Act.
(3) The Treasury may by regulations —
   (a) restrict the Assessor’s discretion to approve a scheme under section 50C(2) by reference to such criteria or circumstances as may be specified in the regulations; and
   (b) introduce procedures which the administrator of such a scheme must follow in order to gain approval.

(4) Regulations under subsection (3) shall not come into operation unless they are approved by Tynwald.

(5) In sections 50C, 50D, 50E and this section “administrator” means the person responsible for the management of a scheme approved under section 50C(2).

(6) In section 50C “relevant benefits” means any pension, annuity, lump sum, gratuity or other like benefit given or to be given on retirement or death, or in anticipation of retirement.

(7) In sections 50D, 50E and this section “unauthorised payment” has the meaning given by section 50D(1).

PART 4 - CONTINUATION OF EXEMPTIONS, ALLOWANCES AND RELIEF

51 Amendments as to friendly societies
[1959/3]

(1) [Repealed]270

(2) If, in the event of a dissolution of a society to which section 18 of this Act applies, any annuity specified in subsection (2)(b) of that section ceases to be paid, or any contract for the payment of such an annuity fails in whole or in part, no payment shall be made in respect thereof out of the funds of the society to the annuitant or other person entitled to the benefit of the contract, but any sum which, but for this provision, would have been paid to him shall be applied in purchasing for the benefit of the annuitant an annuity (for the like term and subject to the like conditions against surrender, commutation or assignment) from a person lawfully carrying on in the Isle of Man or the United Kingdom a business of granting annuities on human life.271

52 Purchased life annuities other than retirement annuities
[1959/4]

(1) A purchased life annuity (not being of a description excepted by subsection (5) of this section) shall, for the purposes of the provisions of the Income Tax Acts relating to tax on annuities and other annual payments, be treated as containing a capital element and, to the extent of
the capital element, as not being an annual payment or in the nature of an annual payment; but the capital element in such an annuity shall be taken into account in computing profits or gains or losses for other purposes of those Acts in any circumstances in which a lump sum payment would be taken into account.

(2) In the case of any purchased life annuity to which this section applies —

(a) the capital element shall be determined by reference to the amount or value of the payments made or other consideration given for the grant of the annuity; and

(b) the proportion which the capital element in any annuity payment bears to the total amount of that payment shall be constant for all payments on account of the annuity; and

(c) where neither the term of the annuity nor the amount of any annuity payment depends on any contingency other than the duration of a human life or lives, that proportion shall be the same proportion which the total amount or value of the consideration for the grant of the annuity bears to the actuarial value of the annuity payments as determined in accordance with the next following subsection; and

(d) where the last foregoing paragraph does not apply, the said proportion shall be such as may be just, having regard to that paragraph and to the contingencies affecting the annuity.

(2A) Where, in the case of any purchased life annuity to which this section applies, the amount of any annuity payment (but not the term of the annuity) depends on any contingency other than the duration of a human life or lives —

(a) the capital element shall be determined by reference —

(i) to the amount or value of the payments made or other consideration given for the grant of the annuity (in this section referred to as the “purchase price” of the annuity), and

(ii) to the expected term of the annuity, as at the date when the first annuity payment began to accrue, expressed in years (and any odd fraction of a year), and determined by reference to the prescribed tables of mortality, that is to say, the tables comprised in Table A8 set out in Appendix A on pages 113 to 115 of the booklet entitled “Continuous Mortality Investigation Reports Number 10” published by the Institute of Actuaries and the Faculty of Actuaries in 1990, or such other tables as may be specified by order made by the Treasury and laid before Tynwald, and\textsuperscript{272}
in head (ii) above “term” means the period from the date when
the first annuity payment begins to accrue to the date when the
last payment becomes payable,

(b) the capital element in any annuity payment made in respect of a
period of twelve months shall be a fraction 1/E of the purchase
price, where E is the said expected term,

(c) the capital element in any annuity payment made in respect of a
period of less than, or more than, twelve months shall be the
amount at (b) above reduced, or as the case may be increased, in
the same proportion as the length of that period bears to a period
of twelve months,

(d) subsection (2) above shall not apply, but paragraphs (a) and (b) of
subsection (3) below shall apply as they apply to that subsection,

and in applying subsection (2)(d) above where both the amount and the
term of the annuity depend on any contingency other than the duration
of a human life or lives, regard shall be had to this subsection (and not to
subsection (2)(c) above) as well as to the contingencies affecting the
annuity.273

(3) For the purposes of the last foregoing subsection —

(a) any entire consideration given for the grant of an annuity and for
some other matter shall be apportioned as appears just (but so
that a right to a return of premiums or other consideration for an
annuity shall not be treated for this purpose as a distinct matter
from the annuity);

(b) where it appears that the amount or value of the consideration
purporting to be given for the grant of an annuity has affected, or
has been affected by, the consideration given for some other
matter, the aggregate amount or value of those considerations
shall be treated as one entire consideration given for both and
shall be apportioned under the foregoing paragraph accordingly; and

(c) the actuarial value of any annuity payments shall be taken to be
their value as at the date when the first of those payments begins
to accrue, that value being determined by reference to the
prescribed tables of mortality and without discounting any
payment for the time to elapse between that date and the date it is
to be made.

(4) For the purposes of this section “life annuity” means an annuity payable
for a term ending with (or at a time ascertainable only by reference to)
the end of a human life, whether or not there is provision for the annuity
to end during the life on the expiration of a fixed term or on the
happening of any event or otherwise, or to continue after the end of the
life in particular circumstances, and “purchased life annuity” means a
life annuity granted for consideration in money or money’s worth in the ordinary course of a business of granting annuities on human life.

(5) This section shall not apply —

(a) to any annuity which would, apart from this section, be treated for the purposes of the provisions of the Income Tax Acts relating to tax on annuities and other annual payments as consisting to any extent in the payment or repayment of a capital sum; or

(b) to any annuity where the whole or part of the consideration for the grant of the annuity consisted of sums satisfying the conditions for relief from tax under section 50 of this Act (which relates to the nature and amount of relief for qualifying premiums); or

(bb) to any annuity payable under a substituted contract within the meaning of section 2(3) of the Income Tax Act 1980; or

(c) to any annuity purchased in pursuance of any direction in a will, or to provide for an annuity payable by virtue of a will or settlement out of income of property disposed of by the will or settlement (whether with or without resort to capital); or

(d) to any annuity purchased under or for the purposes of any sponsored superannuation scheme (as defined in subsection (1) of section forty-nine of this Act), or any scheme approved under that section, or in pursuance of any obligation imposed, or offer or invitation made, under or in connection with any such scheme, or to any other annuity purchased by any person in recognition of another’s services (or past services) in any office or employment, or

(e) to any annuity payable under approved personal pension arrangements within the meaning of Part 1 of the Income Tax Act 1989.

(6) As respects tax for the year 1958-59 and subsequent years of assessment, this section shall extend to life annuities whenever purchased or commencing; but any notice given before the thirty-first March, 1959, of a decision as to an annuity being or not being a purchased life annuity to which this section applies or as to the amount of the capital element (if any), shall be treated as given on that day.

53 Treatment of retirement annuities and purchased life annuities

[1959/5]

(1) Relief shall not be given under section fifty of this Act in respect of a qualifying premium except on a claim made to and allowed by the Assessor, and any question whether an annuity is a purchased life annuity to which section fifty-two of this Act applies, or what is the capital element in such an annuity, shall be determined by the Assessor:
Provided that any person aggrieved by any decision of the Assessor on any such claim may appeal within the prescribed time to the Commissioners, and any person aggrieved by any decision of the Assessor on any such question as to a purchased life annuity may appeal within the prescribed time to the Commissioners.

(2) Save as otherwise provided in this Act, the procedure to be adopted in giving effect thereto shall be such as may be prescribed.

(3) The Treasury may make regulations for prescribing anything which is to be prescribed under sections forty-nine to fifty-three inclusive of this Act, and the regulations may apply for the purposes of those sections or of the regulations any other provision of the Income Tax Acts (with or without modifications), and in particular the provisions of section ninety of this Act as to the statement of a case on a point of law for the opinion of the Staff of Government Division.

(4) Regulations under the last foregoing subsection may in particular make provision as to the time limit for making any claim for relief from or repayment of tax under the said sections forty-nine to fifty-three inclusive of this Act, and (for the purposes of the last foregoing section) as to all or any of the following matters, that is to say —

(a) as to the information to be furnished in connection with the determination of any question whether an annuity is a purchased life annuity to which that section applies, or what is the capital element in an annuity, and as to the persons who may be required to furnish any such information;

(b) as to the manner of giving effect to the decision on any such question, and as to the making of assessments for the purpose on the person entitled to the annuity;

(c) as to the extent to which the decision on any such question is to be binding, and the circumstances in which it may be reviewed.

[Repealed]

55 **Tax credits**

[1955/2 amended by 1964/5]

(1) The provisions of this section shall have effect where, under arrangements having effect under the last preceding section of this Act, tax payable in respect of any income in the territory with the government of which the arrangements are made is to be allowed as a credit against tax payable in respect of that income in the Isle of Man; and in this section the expression “foreign tax” means any tax payable in that territory which under the arrangements is to be so allowed.

(2) The amount of the income tax chargeable in respect of the income shall be reduced by the amount of the credit:
Provided that credit shall not be allowed against income tax for any year of assessment or, in the case of a corporate taxpayer, accounting period unless the person entitled to the income is resident in the Isle of Man in that year.280

(3) The credit shall not exceed the amount of relief which would be computed in accordance with section 57 of this Act.281

(4) Without prejudice to the provisions of the preceding subsection, the total credit for foreign tax to be allowed to a person for any year of assessment or, in the case of a corporate taxpayer, accounting period under all arrangements having effect under the last preceding section of this Act shall not exceed the total income tax payable by him for the year of assessment or, in the case of a corporate taxpayer, accounting period other than income tax payable by him as an agent for a person not resident in the Isle of Man.282

(5) In computing the amount of the income —

(a) no deduction shall be allowed in respect of foreign tax (whether in respect of the same or any other income);

(b) where the income tax chargeable depends upon the amount received in the Isle of Man, the said amount shall be increased by the appropriate amount of the foreign tax in respect of the income;

(c) where the income includes a dividend and under the arrangements foreign tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividend the amount of the income shall be increased by the amount of the foreign tax not so chargeable which falls to be taken into account in computing the amount of the credit.

(6) Paragraphs (a) and (b) of the last preceding subsection (but not the remainder thereof) shall apply to the computation of total income for the purposes of determining the rate mentioned in subsection (3) of this section, and shall apply thereto in relation to all income in the case of which credit falls to be given for foreign tax under arrangements for the time being in force under the last preceding section of this Act.

(7) Where —

(a) the arrangements provide, in relation to dividends of some classes, but not in relation to dividends of other classes, that foreign tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividends; and

(b) a dividend is paid which is not of a class in relation to which the arrangements so provide,
then if the dividend is paid to a company which controls, directly or indirectly, not less than one half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

(8) Credit shall not be allowed under the arrangements against income tax chargeable in respect of the income of any person for any year of assessment or period if he elects that credit shall not be allowed in the case of his income for that year.283

(9) Any claim for an allowance by way of credit shall be made not later than six years after the end of the relevant year of assessment or, in the case of a corporate taxpayer, accounting period in the form and manner required by the Assessor and in the event of any dispute as to the amount allowable the claim shall be subject to appeal in like manner as an assessment is subject to appeal.284

(10) Where the amount of any credit given under the arrangements is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in the Isle of Man or elsewhere, nothing in this Act limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than six years in the case of a non-corporate taxpayer or four years in the case of a corporate taxpayer from the time when all such assessments, adjustments and other determinations have been made, whether in the Isle of Man or elsewhere, as are material in determining whether any, and if so what, credit falls to be given.285

55A Relief in respect of repayment of certain tax credits

(1) Where by virtue of sections 231(3), 232(1), 278(2) and 790(1) of the Income and Corporation Taxes Act 1988 (an Act of Parliament) the excess of a tax credit derived from a qualifying distribution under section 231(1) of that Act is paid to an individual who is resident in the Island, the payment of the excess of that tax credit shall not be income in respect of which income tax may be imposed under the Income Tax Acts.

(2) Where —

(a) the income tax law of a country or territory outside the Isle of Man and the United Kingdom enables the payment of tax credits in circumstances which correspond to those specified in the provisions of the Act of Parliament mentioned in subsection (1); and

(b) the whole or part of such a tax credit is paid to an individual who is resident in the Island,
the payment of the whole or part of that tax credit shall not be income in respect of which income tax may be imposed under the Income Tax Acts.286

56  [Repealed]287

57  Relief in respect of tax in other territories

(A1) This section only applies in respect of foreign tax mentioned in subsection (1) which has been paid in a territory outside the Island on income arising from a source within the territory in which the foreign tax is paid.288

(B1) In claiming a deduction under this section, the amount of foreign tax to be used for the purposes of calculating the relief from Manx tax a person mentioned in subsection (1) may claim is the amount of foreign tax which would have been paid in the territory outside the Island had all reasonable steps been taken —

(a) under the law of the territory;

(b) under double taxation arrangements made in relation to the territory,

to minimise the amount of tax payable in the territory.289

(C1) The steps mentioned in subsection (B1) include —

(a) claiming, or otherwise securing the benefit of, reliefs, deductions, reductions or allowances; and

(b) making elections for tax purposes.290

(D1) For the purposes of subsection (B1), a question as to the steps which it would have been reasonable for a person to take is to be determined on the basis of what the person might reasonably be expected to have done in the absence of relief from Manx tax under this section.291

(1) Subject to subsections (A1) to (D1), if any person resident in the Isle of Man, who has paid, by deduction or otherwise, foreign tax for that year under this Act for any year of assessment or, in the case of a corporate taxpayer, accounting period on income arising in a territory outside the Island, proves to the satisfaction of the Assessor that he has paid, by deduction or otherwise, foreign tax for that year or, as the case requires, period in respect of that income, he shall be entitled to relief from Manx tax paid or payable by him on the said income of an amount equal to the lesser of the two following amounts —

(a) the amount of foreign tax on the income in respect of which the deduction is claimed; and

(b) the marginal amount.292

(2) For the purposes of this section —
(a) “marginal amount” means the amount obtained by the formula —

\[ A - B \]

where —

“A” is the total amount of the income tax payable by a person under this Act for any year of assessment or, in the case of a corporate taxpayer, accounting period (before the deduction of any relief under this section or section 104C(2) of this Act); and

“B” is the total amount of income tax which would be payable by that person under this Act in respect of that year of assessment or, in the case of a corporate taxpayer, accounting period (before the deduction of any relief under this section and section 104C(2) of this Act) if the income in respect of which the deduction is to be allowed were to be disregarded.\(^{293}\)

(b) “foreign tax” means any income or surtax or any tax or charge imposed under the law of any territory outside the Isle of Man which appears to the Assessor to correspond with Manx income tax.

(2A) For the purposes of subsection (2), the references to the total amount of income tax payable or which would be payable by a person shall include the amount of income tax payable or which would be payable in respect of any sum treated as income received by that person by virtue of section D108(1)(a) (effect of release of loan).\(^{294}\)

(3) Where a deduction for foreign tax is to be allowed in respect of income from more than one source, subsection (1) shall be applied successively to the income from each source, but so that on each successive application, subsection (2)(a) shall apply to the taxable income exclusive of the income to which subsection (1) has already been applied.

(3A) The successive application of subsection (1) in respect of income from more than one source shall be in order of the amount of foreign tax for which the relevant person is liable in respect of each such source, the largest being taken first.\(^{295}\)

(4) Subject to subsection (5), a claim for relief under this section shall be made within the 3 years next following the year of assessment or, in the case of a corporate taxpayer, accounting period to which it relates.\(^{296}\)

(5) A claim which is not made within 3 years shall be admitted if it is made within the 6 months next following the date on which the relevant amount of foreign income has been ascertained.

(6) This section does not apply in relation to income in respect of which relief from double taxation is afforded in accordance with international arrangements made under section 104B, unless those arrangements provide otherwise.\(^{297}\)
(7) For the purpose of the application of this section to income arising in the United Kingdom —

(a) where any relief from tax in the United Kingdom is allowable under section 790 of the Income and Corporation Taxes Act 1988 (an Act of Parliament), as amended or replaced from time to time, in respect of tax paid under this Act in respect of such income, the amount of the relief under this section shall be reduced by the amount of the relief in the United Kingdom;

(b) the amount of the tax in the United Kingdom in respect of such income shall be calculated without any reduction on account of any relief allowable under that section in respect of Manx income tax;

(c) a certificate issued in any particular case by or on behalf of the Commissioners of Inland Revenue in the United Kingdom shall be receivable in evidence to show the amount of any relief from tax which is allowable under that section.298

58 Relief on rental income

(1) In the case of any assessment of income arising from the rents of land in the Isle of Man, the amount of the assessment shall be reduced in accordance with subsection (2) below.

(2) The reduction which, by virtue of subsection (1) above may be made shall, subject to subsections (4) to (7) below, be the amounts of payments made for the costs to which this section applies by the person liable to pay income tax in respect of income arising from the rents of the land.299

(3) In this section and in section 59, “income arising from the rents of land” includes rents from buildings and includes the annual value of any land or building used rent free by any person other than the owner thereof for the purpose of residence or enjoyment.

(4) No reduction of assessment shall be made under this section in respect of the costs to which this section applies, if or to such extent as that cost has been otherwise allowed as a deduction in computing income for the purposes of income tax.300

(5) No allowance for depreciation, nor any further or other allowance shall be made for costs to which this section applies, in respect of land in relation to which any person is entitled to a reduction of assessment under this section.301

(6) An assessment shall not be reduced under this section in respect of a payment made by a person, to the extent to which the payment has been, or will be —

(a) balanced by the receipt of insurance moneys, or
(b) recovered from, or in any other manner borne by, some other person, otherwise than by means of an amount on the profits or gains arising from which the first mentioned person would be chargeable to income tax.

(7) All the provisions of this Act which relate to claims for any allowance or deduction, or the proof to be given with respect to those claims, shall apply to claims for allowance under this section and the proof to be given with respect to those claims.

(8) In this section, “costs to which this section applies” means —

(a) the costs of maintenance, repair, insurance or management of the land; and

(b) subject to subsection (9), interest paid on any bona fide loan obtained for the purpose of —

(i) the purchase of the land; and

(ii) any payment for the maintenance, repair, insurance or management of the land,

by the person liable to pay income tax in respect of income arising from the rents of the land.

(9) Subsection (8)(b) shall have effect in respect of a loan if and only if —

(a) the interest payable on the loan is assessable to income tax on the lender; and

(b) if the lender is a corporate taxpayer, the circumstances specified in subsection (10) apply.

(10) Those circumstances are —

(a) the corporate taxpayer has a fixed place of business in the Island through which its business is wholly or partly carried on; and

(b) the loan is arranged and made in the course of that business.

(11) Interest will not be allowed under this section on a loan the purpose or one of the purposes of which is the reduction of the liability of any person to income tax and the provisions of Schedule 1 to the Income Tax Act 1980 shall apply accordingly.

58A Relief on rental income: pooling

(1) Subject to subsection (2), where a person is assessed in respect of income arising from the rents of two or more parcels of land in one ownership the Assessor shall, for the calculation of relief under section 58 of this Act, treat the parcels of land as one parcel.

(2) This section shall not apply in respect of any parcel of land let at a rent which is less than —
(a) the rent which might reasonably be expected to be obtained on a letting on the open market, subject to the same terms and conditions (except those relating to the amount of the rent), by a willing landlord to a willing tenant; or

(b) such sum as is sufficient, taking one year with another, to defray the cost to the lessor of fulfilling his obligations under the lease and of meeting any costs to which section 58 of this Act applies, whichever is the greater.307

59 Carry forward against subsequent rents

(1) Where in any year of assessment the amount of payments made for the costs to which section 58 applies in respect of any land exceeds the amount of income arising from the rents of such land, the person assessed may require that the excess be carried forward and that the assessment of income arising from the rents of such land in any subsequent year of assessment shall be reduced, as far as may be, by the amount of such excess.308

(1A) No amount may be carried forward under this section in respect of any excess if, or to such extent as, that excess has been otherwise allowed as a deduction under section 58A of this Act.309

(2) Any relief under this section shall be given as far as possible from the first subsequent assessment and so far as it cannot be given, then from the next assessment, and so on.310

60 Allowances to be given to individuals only

[1946/40 amended by 1954(1)/3]

The provisions of this Act relating to exemptions and allowances, except those granted by sections 15, 17, 18, 18A, 19, 25, 29, 55 to 59 and 104C(2) of this Act, shall apply only to an individual and not to an association.311

61 Allowances not given to non-residents

[1949/15(1)]

In the case of an individual who is not resident in the Isle of Man, no allowance, deduction or relief shall be given or made under sections 35, 35A, 35B, 35D, 35E, 39A, 39AA, 39B, 39C, 39D, 43A and 43B of this Act.312

61A Tax treatment of VAT penalties etc and repayment supplement

(1) Where, under —

(a) the Value Added Tax Act 1996;

(b) a provision of the Customs and Excise Acts (within the meaning of section 184 of the Customs and Excise Management Act 1986); or
(c) any instrument applied to the Island as part of the law of the Island by an order under section 1 of the Customs and Excise Act 1993 (including an order under any enactment repealed and replaced by that Act),

a person is liable to make a payment by way of surcharge, civil penalty or interest, the payment shall not be allowed as a deduction in computing any income, profits or losses for income tax purposes.

(2) A sum paid to any person by way of supplement under section 79 of the Value Added Tax Act 1996 shall be disregarded for all purposes of income tax.\textsuperscript{313}

\textbf{PART 5 - CHARITIES}\textsuperscript{314}

61B and 61C [Repealed]\textsuperscript{315}

61D Donations by associations to charities

[\textit{P1986/41/29}]

(1) On a claim made by an association which is resident in the Isle of Man and is not an investment company, a qualifying donation made by the association in any accounting period shall, subject to the provisions of this section, be allowed as deductions against the total income of the association for that accounting period.\textsuperscript{316}

(2) A qualifying donation is a payment made by the association to a charity, other than a payment which is deductible in computing profits or any description of profits for purposes of income tax.

(3) In any accounting period, the maximum amount allowable in accordance with subsection (1) in respect of qualifying donations made by the association shall be either —

(a) the sum which, at the end of the relevant accounting period, is prescribed under section 61F(1)(b) of this Act; or\textsuperscript{317}

(b) 1\% of the taxable income of the association before the making of any allowance in respect of loss relief or capital allowances, whichever is the greater.\textsuperscript{318}

(4) In this section “charity” includes —

(a) the Manx Museum and National Trust; and

(aa) any other corporation or society of persons, or any trust specified in an order made by the Treasury; and\textsuperscript{319}

(b) the Manx Heritage Foundation,

and, subject to paragraphs (a), (aa) and (b), “charity” shall be construed in accordance with section 15(a) of this Act.\textsuperscript{320 321}
61E Donations by individuals to charities

(1) On a claim made by an individual who is resident in the Isle of Man, an amount equal to the amount of a qualifying donation made by the individual in any year of assessment shall be multiplied by the lower rate and the resulting amount shall, subject to the provisions of this section, be allowed as a deduction from his or her liability to income tax for that year.\[322\]

(2) A qualifying donation is a payment made by the individual to a charity, other than a payment for which he is entitled to claim any relief or deductions in respect of it under any other provision of the Income Tax Acts.\[323\]

(3) In any year of assessment, the maximum amount allowable in accordance with subsection (1) in respect of qualifying donations made by an individual shall be such sum as may be prescribed under section 61F(l)(b) of this Act multiplied by the lower rate.\[324\]

(3A) No deduction under subsection (1) shall of itself entitle the individual to a refund or repayment of tax.\[325\]

(4) In this section “charity” has the meaning given by section 61D(4) of this Act.\[326\]

(5) In this section, “lower rate” has the same meaning as in section 1.\[327\]

61F Regulations for ss 61D and 61E

(1) The Treasury may make regulations to provide for —

(a) the manner in which applications are to be made under sections 61D and 61E of this Act;

(b) the maximum and minimum amount of the qualifying donation under those sections;

(c) the method by which the payment of such a donation may be proved.

(2) Regulations under this section shall not come into operation unless they are approved by Tynwald.\[328\]

PART 5A – RELIEF ETC FOR OTHER PERSONAL AND OCCUPATIONAL PENSION SCHEMES

61G Definitions for this Part

In this Part —

“administrator” means the person responsible for the management of a scheme approved under section 61H(2);
“annual allowance” means £50,000 or such amount as is prescribed by regulations made by the Treasury with the approval of Tynwald;

“approved scheme” means a pension scheme approved by the Assessor under the Income Tax (Retirement Benefit Schemes) Act 1978, the Income Tax Act 1989 or section 50B or 50C of this Act;

“member” means a member of a scheme approved under section 61H(2) regardless of whether the scheme is a personal pension scheme under section 61H(4) or an occupational pension scheme under section 61H(5);

“minimum allowance” means £3,600 or such other sum as is prescribed in regulations made by the Treasury with the approval of Tynwald;

“relevant benefits” means any lump sum or other like benefit; and

“relevant earnings” has the same meaning as in section 17 of the Income Tax Act 1989.329

61H Relief for certain personal and occupational pension schemes

(1) Exemption from income tax shall, on a claim being made, be allowed in respect of income derived from investments or deposits if, or to the extent that the Assessor is satisfied that, it is income from investments or deposits held for the purposes of a pension scheme approved under subsection (2).

(2) Subject to subsection (3), the Assessor may, if the Assessor thinks fit, having regard to the facts of a particular case, and subject to such reasonable conditions, if any, as the Assessor thinks proper to attach to the approval, approve a pension scheme for the purposes of this section.

(3) The Assessor shall not approve a scheme unless the scheme satisfies the condition in subsection (4) or (5).

(4) The condition is that the scheme is a personal pension scheme —

(a) which is properly established under irrevocable trusts governed by the laws of the Island;

(b) the purpose of which is the provision of relevant benefits for the individual;

(c) from which the payment of relevant benefits cannot commence until the member attains the age of 55;

(d) which shall not at any time include any arrangements within it;

(e) which can only receive funds from an existing pension scheme if the scheme from which the funds are to be transferred is an approved scheme which is not a defined benefit pension scheme;

(f) the administrator and at least one trustee of which are resident in the Island; and
(g) the administrator of which has a fixed place of business in the Island from which the administrator's business is conducted.

(5) The condition is that the scheme is an occupational pension scheme —

(a) which is properly established under irrevocable trusts in relation to a trade or undertaking;

(b) the purpose of which is the provision of relevant benefits in respect of a person's employment in the trade or undertaking;

(c) which is recognised by the employer and employees in the trade or undertaking;

(d) from which the payment of relevant benefits cannot commence until the member attains the age of 55;

(e) which shall not at any time include any arrangements within it;

(f) which can only receive funds from an existing pension scheme if the scheme from which the funds are to be transferred is an approved scheme which is not a defined benefit pension scheme;

(g) the administrator and at least one trustee of which are resident in the Island;

(h) the administrator of which has a fixed place of business in the Island from which the administrator's business is conducted;

(i) to which the employer is a contributor;

(j) which is established in connection with a trade or undertaking carried on in the Island by a person resident in the Island; and

(k) that is recognised by the employer and the employees to whom it relates, and that every employee who is, or has a right to be, a member of the scheme has been given written particulars of all essential features of the scheme which concern him or her.

(6) Funds may be withdrawn in accordance with this Part before the member attains the age of 55 if they are payable in special circumstances or if they are payable on the member becoming incapable through infirmity of body or mind of carrying on his or her own occupation or any occupation of a similar nature for which the member is trained.

(7) If a scheme which has been approved under subsection (2) is subsequently altered, approval will cease to apply to the scheme after the date of alteration unless the alteration has been approved by the Assessor.

(8) A member of a scheme approved under subsection (2) cannot, at the same time, be a member of another scheme approved under subsection (2).
61I Deduction from relevant earnings

(1) A contribution paid by an individual to a personal pension scheme approved under section 61H(2) of which the individual is a member shall be deducted from or set off against relevant earnings of the individual for the year of assessment in which the contribution is made.

(2) The amount allowed to be deducted under subsection (1) in respect of contributions paid by an individual in a year of assessment (whether under a single scheme or under 2 or more different schemes) shall not exceed —

(a) in the case of a person whose relevant earnings from all sources in that year are not less than the annual allowance, the annual allowance;

(b) in the case of a person whose relevant earnings from all sources in that year are less than the annual allowance but are not less than the minimum allowance, those earnings;

(c) in the case of a person whose relevant earnings from all sources in that year are less than the minimum allowance in any year of assessment, the minimum allowance.  

61J Deduction to be allowed as an expense

(1) Any sum paid by an employer by way of contribution to an occupational pension scheme approved under section 61H(2) shall, for the purpose of income tax, be allowed to be deducted as an expense in the year of assessment in which the sum is paid provided that the amount of an employer’s contributions which may be so deducted shall not exceed the amount contributed by the employer under the scheme in respect of employees in a trade or undertaking in respect of the profits of which the employer is assessable to income tax.

(2) Any contribution paid to an occupational pension scheme approved under section 61H(2) by a member shall, in assessing income tax, be allowed to be deducted as an expense incurred in the year of assessment in which the contribution is paid.

(3) The amount to be deducted by virtue of subsection (2) in respect of contributions paid by a member in a year of assessment (whether under a single scheme or under 2 or more different schemes) shall not exceed —

(a) in the case of a person whose relevant earnings from all sources in that year are not less than the annual allowance, the annual allowance;

(b) in the case of a person whose relevant earnings from all sources in that year are less than the annual allowance but are not less than the minimum allowance, those earnings;
(c) in the case of a person whose relevant earnings from all sources in that year are less than the minimum allowance in any year of assessment, the minimum allowance.\textsuperscript{32}

61K Transfer of approved scheme to pension scheme approved under section 61H

(1) This section applies to a pension scheme that is approved by the Assessor under section 50B or 50C.

(2) Despite —

(a) section 50B requiring an approved scheme to have for its sole or main purpose the provision of relevant benefits as defined in that section; and

(b) section 50C requiring an approved scheme —

(i) to be a scheme whose sole purpose is the provision of relevant benefits as defined in section 50F; and

(ii) to be one in which at least 70% of a member’s tax-relieved scheme funds are to provide the member with an income for life,

the Assessor shall allow a scheme approved under either section 50B or 50C to be transferred to a pension scheme approved under section 61H(2) for the purpose of allowing the member to access the funds in accordance with this Part, should the member so elect.

(3) Where a member of a scheme referred to in subsection (1) elects for that scheme to be transferred to a pension scheme approved under section 61H(2), the total value of the scheme that is to be transferred will be liable to a transfer fee of 10% of that total.

(4) Any transfer fee arising under subsection (3) shall be deducted from the sum to be transferred before the transfer can take place.

(5) For the purposes of subsection (3), the total value of the scheme must be calculated as at the date on which the transfer fee is deducted, by reference to the then known circumstances.

(6) Where an amount is liable to a transfer fee under subsection (3) —

(a) the fee shall be payable to the Assessor by the administrator of the scheme on the day on which the fee is deducted from the scheme; and

(b) on the same day, the administrator shall notify the Assessor of —

(i) the amount of fee paid;

(ii) the value of the pension scheme immediately prior to the payment of the fee;

(iii) the pension scheme reference number;
(iv) the name of the scheme;
(v) the scheme member’s full name, date of birth and tax reference number.

(7) When the transfer fee has been received by the Assessor, the Assessor will issue a notification to the administrator to confirm receipt.

(8) When the administrator has received a notification issued under subsection (7), the scheme from which the fee has been deducted can be transferred to the pension scheme approved under section 61H(2).

(9) If a scheme approved under section 50C is transferred to a pension scheme approved under section 61H(2) —
(a) without a transfer fee being deducted under subsection (4); or
(b) without the administrator receiving a notification issued under subsection (7),

the transfer will constitute an unauthorised payment for the purposes of sections 50D and 50E.

(10) If an individual has made an election that has been approved under section 2ZA(3) or 2ZA(7)(b) and is in force and a transfer fee arises under subsection (3) in respect of a pension scheme of which the individual is a member, the transfer fee will not form a part of the income tax cap amount in section 2ZB as it is not a charge to income tax.333

61L Withdrawal of funds during life of member

Subject to section 61H(4)(c), (5)(d) and (6), a member of a pension scheme approved under section 61H(2) may elect to receive either —

(a) a single lump sum payment in commutation of the value of the entire pension scheme; or
(b) payments consisting of —

(i) an initial single lump sum payment of not less than 40% of the value of the entire pension scheme; and
(ii) subsequently, the remainder of the funds in such amounts and at such times as specified by the member until the funds in the scheme have been extinguished.334

61M Charge to tax on payment of pension

(1) Where funds are withdrawn by a member under section 61L, the amount of any such withdrawal is chargeable to income tax in the hands of the person receiving or entitled to the income, subject to section 61N.

(2) The reference to “income tax” in section 114 shall include a reference to the tax payable under this section.
(3) For the purposes of the Income Tax (Instalment Payments) Act 1974, the payment of a pension shall be treated as the payment of remuneration by an employer and for that purpose the obligations falling on an employer under that Act shall fall on the scheme administrator.  

61N Lump sum payment

(1) Subject to subsection (3) —

(a) where a single lump sum payment is made under section 61L(a), 40% of the payment shall not be chargeable to income tax;

(b) where an initial single lump sum payment of not less than 40% of the value of the entire pension scheme is made under section 61L(b)(i), an amount of that payment equal to 40% of the value of the entire pension scheme shall not be chargeable to income tax.

(2) The amount of the single lump sum payment in section 61L(a) and of the initial single lump sum payment in 61L(b)(i) must be calculated as at the date on which the lump sum is payable by reference to the then known circumstances.

(3) Where the funds contain an amount that has been transferred from an approved scheme and the amount has been transferred after a lump sum has been paid from that approved scheme to the member, the amount that has been transferred shall not be included when calculating the amount of the payment that shall not be chargeable to income tax under subsection (1)(a) or (b).

(4) Where a lump sum is paid in accordance with this section, the administrator must, within 30 days of the date on which the lump sum is paid, give notice of the payment to the Assessor in such form and containing such information as the Assessor may require.

(5) An administrator who fails to comply with this section shall be guilty of an offence.

61O Employer’s contributions

Where contributions are paid by an employer to a personal pension scheme approved under section 61H(2) of which his or her employee is a member, those contributions shall not be regarded as emoluments of the employment chargeable to income tax.

61P Commutation of member’s pension after death of member

(1) This section applies where —

(a) relevant benefits did not become payable before the death of the member; or
(b) relevant benefits came into payment under section 61L(b) before the death of the member and the scheme still holds funds of the member after that member’s death.

(2) Where subsection (1) applies, the member’s pension shall be commuted in full within 2 years of the date of death of the member.

(3) The value of any member’s funds commuted under this section shall not be chargeable to income tax.338

61Q Charge to tax: unauthorised payments

(1) Any payment made out of funds which are or have been held for the purposes of a scheme approved under section 61H(2) to or for the benefit of a person which is not expressly authorised by the rules of the scheme shall be an unauthorised payment and shall be chargeable to income tax on the member (whether or not the member is the recipient of the payment) in the year of assessment in which the payment is made.

(2) Any income tax chargeable under subsection (1) shall be accounted for and paid over to the Assessor by the administrator within 14 days of the date on which the unauthorised payment is made.

(3) Any tax paid by the administrator under subsection (2) shall be —
   a) deemed to be paid on behalf of the member; and
   b) deducted from the unauthorised payment.

(4) The administrator shall give to the member written notice of the deduction of the charge in such form as the Assessor may approve.

(5) The Assessor shall issue to the member a certificate in respect of the deduction and that certificate shall have the same effect as an assessment made upon the member.

(6) In this section, references to any payment include references to any transfer of assets or other transfer of money’s worth.

(7) If an individual has made an election that has been approved under section 2ZA(3) or 2ZA(7)(b) and is in force and that individual is also the member referred to in subsection (1), the income tax cap amount applicable to the election shall be increased by a sum equal to 20% of the payment in the year of assessment in which the payment is received.

(8) A member of a scheme approved under section 61H(2) may appeal to the Commissioners against a charge to tax under this section in the same manner as an appeal against an assessment to income tax and the Commissioners may confirm, rescind or amend the charge.339
61R  Supplementary charge on unauthorised payments

(1) In addition to the income tax charge specified in section 61Q(1), if an unauthorised payment is made, the member will be liable to a supplementary charge of 20% of the value of the unauthorised payment.

(2) The value of the unauthorised payment to be used for calculating the supplementary charge shall be the value of the payment prior to making any deduction in accordance with section 61Q(3)(b).

(3) The Assessor may, if the Assessor thinks fit, remit any supplementary charge or portion of a charge payable under this section.

(4) The supplementary charge shall be payable to the Assessor by the administrator as a debt due in all respects as if it were income tax due under the Income Tax Acts.

(5) The supplementary charge shall be accounted for and paid over to the Assessor by the administrator within 14 days of the date on which the relevant payment is made.

(6) Any supplementary charge paid by the administrator under subsection (4) shall be —

(a) deemed to be paid on behalf of the member; and

(b) deducted from the unauthorised payment.

(7) The administrator shall give to the member written notice of the deduction of the supplementary charge in such form as the Assessor may approve.

(8) The Assessor shall issue to the member a certificate in respect of the deduction and that certificate shall have the same effect as an assessment made upon the member.

(9) A member of an approved scheme may appeal to the Commissioners against a supplementary charge under this section in the same manner as an appeal against an assessment to income tax and the Commissioners may confirm, rescind or amend the charge.340

61S  Charge on excess contributions

(1) If in any year of assessment the aggregate of all contributions in that year which are made in respect of a person (whether under a single scheme or under 2 or more different schemes) exceeds the annual allowance the scheme administrator shall, within 14 days of the end of the tax month in which the scheme administrator becomes aware or should have become aware of the excess, account for and pay to the Assessor a charge of 40% of the excess.

(2) A failure by a scheme administrator to comply with subsection (1) shall —
(a) have the effect that the charge payable under that subsection shall be recoverable as a debt from the administrator; and
(b) be grounds for the withdrawal of approval under section 61H(2).

(3) Where the scheme administrator could not reasonably have been aware of an excess referred to in subsection (1), the charge shall be a debt due by the member concerned in all respects as income tax due under the Income Tax Acts at the rate of 40%.

(4) The amount of any charge payable by a scheme member under subsection (3) shall be reduced by any amount paid by a scheme administrator under subsection (1).

(5) A member of a scheme approved under section 61H(2) may appeal to the Commissioners against a charge under this section in the same manner as an appeal against an assessment to income tax and the Commissioners may confirm, rescind or amend the charge.\textsuperscript{341}

61T Winding up of scheme

The administrator shall wind up a scheme approved under section 61H(2) within 12 months of the scheme’s funds being exhausted.\textsuperscript{342}

61U Administration

(1) The Treasury may make such regulations as are necessary for the purpose of implementing this Part.

(2) Without limiting subsection (1), regulations may —

(a) amend the conditions which a scheme must satisfy in order to gain approval;
(b) vary any amount or time period specified in this Part;
(c) restrict the Assessor’s discretion to approve a scheme under section 61H(2) by reference to such criteria or circumstances as may be specified in the regulations;
(d) introduce procedures which the administrator of such a scheme must follow in order to gain approval.

(3) Regulations under subsection (1) shall not come into operation unless they are approved by Tynwald.\textsuperscript{343}

61V Recycling of funds

(1) Funds withdrawn by a member under section 61L cannot at any time be paid into a pension scheme approved by the Assessor under section 61H(2).

(2) Where a member pays a contribution under a scheme approved under section 61H(2) and some, or all, of that contribution consists of funds that
have been withdrawn from an approved scheme as defined in section 61G, section 61I or 61J shall not apply to the amount of the contribution that consists of those funds.\(^{344}\)

61W Reporting requirement

(1) Where a single payment in excess of £10,000 is made by way of contribution into a scheme approved under section 61H(2) by an employer contributing to the scheme, the administrator shall notify the Assessor of that payment no later than 30 days after the end of the tax year in which the payment is made.

(2) The Assessor may give a notice to a scheme administrator requiring the administrator to provide the Assessor with —

(a) such particulars as the notice may require relating to contributions paid to a scheme approved under section 61H(2);

(b) such particulars as the notice may require relating to payments by way of return of contributions;

(c) such other details as the notice may require.

(3) An administrator to whom a notice is given under subsection (2) shall comply with the notice within the period of 30 days beginning with the day on which it is given.

(4) An administrator who fails to comply with this section shall be guilty of an offence.\(^{345}\)

61X Information: offences

A person who knowingly makes a false statement or false representation under this Part for the purpose of obtaining for himself or herself or any other person any relief from or repayment of tax under this Part shall be guilty of an offence.\(^{346}\)

PART 6 - RETURNS ETC\(^{347}\)

62 Returns to be returned annually

[1946/43 amended by 1949/16]

(1) Every person liable to pay income tax shall in respect of such tax, before the sixth day of October in every year, or such later date as the Treasury may by order determine, make and deliver to the Assessor a true and correct return of his whole income for the year ended on the fifth day of April then last past, giving the particulars of the items and sources of his income, and specifying the items of income in respect of which income tax is payable by law elsewhere, and the rate and amount of such income tax in the prescribed form, and in the case of an association the
particulars as to the amount of such income distributed by way of dividend and the amount otherwise applied, and he shall sign the same:

Provided that if the person making the return is unable to write, the same shall be signed with his mark before the Assessor, the Government Treasurer, a Justice of the Peace, Notary Public, Commissioner for Oaths, Minister of Religion, or Medical Officer.348

(2) A return may be delivered sealed up if it is addressed to the Assessor and superscribed with the words “Income Tax Return” and with the full name and place of abode or place of business of the person by whom the same shall have been made.

(3) Every person liable to make a return shall be supplied by the Assessor, on request, with a copy of the appropriate form on which the return is to be made, either by prepaid post or otherwise.

(4) Every person, whether he is or is not liable to pay income tax, upon whom the Assessor may cause a notice to be served requiring him to make and deliver a return of his income, shall, within 6 months after the date of the service of such notice, make and deliver to the Assessor a return as aforesaid.349

(5) For the purposes of this section, any person resident in the Isle of Man, or deriving income therefrom, shall be deemed to be a person liable to pay Manx income tax, although on assessment, or by reason of allowances and deductions, it may eventually be found that no income tax is in fact payable by such person in the Isle of Man.

(6) This section is subject to section 62A.350

(7) This section shall not apply to corporate taxpayers.351

(8) The Assessor may require any person liable to deliver a tax return to include in their return such additional information as the Assessor reasonably requires.

Such additional information includes, in the case of an individual required to deliver a tax return —

(a) details of any legal or equitable interest or shareholding in any company;

(b) details of the disposal or other transfer of any legal or equitable interest in a company (whether for consideration or not);

(c) accounts in respect of self employment or rental income as appropriate.352

62AA Suspension of requirement to submit annual return

(1) Where the Assessor has reason to believe that a person is not liable to pay income tax, the obligation of that person to make and deliver an
annual return of their income in accordance with section 62 may be suspended.

(2) The Assessor will notify the person in writing of a suspension under subsection (1).

(3) A person who has been notified under subsection (2) must, in any year of assessment in which their obligations are suspended under subsection (1), notify the Assessor in writing of any change in their circumstances which could affect their tax position, including ceasing to be regarded as resident in the Isle of Man.

(4) If it is discovered at a later date that the person did have taxable income in excess of the personal allowance provided by section 35 and was liable to income tax in any year or years of assessment in which their obligations were suspended under subsection (1) —

(a) the Assessor may make an assessment of income for each year of assessment in which a liability occurred;

(b) the tax charged by an assessment made under paragraph (a) shall be deemed to have become due and payable on the date on which the tax would have been due and payable under section 96A had the person’s obligations not been suspended under subsection (1); and

(c) the provisions of the Income Tax Acts will apply accordingly.\textsuperscript{353}

62A Cessation of residence: return

(1) Where in any year of assessment an individual ceases to be regarded as resident in the Isle of Man, then notwithstanding section 62, the individual shall within 6 months of that cessation make and deliver to the Assessor a true and correct return of the whole of his income arising in that year up to the date of the cessation.

(2) A return under subsection (1) shall give the particulars of the items and sources of income, and specify the items of income in respect of which income tax is payable by law elsewhere, and the rates and amount of such tax.

(3) The proviso to subsection (1) of section 62 and subsections (2) and (3) of that section shall apply in respect of a return under this section as they have effect in respect of a return under that section.\textsuperscript{354}

62B Production and auditing of accounts

(1) Where a person has made and delivered to the Assessor a return of income in respect of any year of assessment, the Assessor may cause a notice to be served requiring him to prepare (or have prepared) such accounts as the notice may require and deliver such accounts within such reasonable period as may be specified in the notice.
(2) A notice under subsection (1) may require that the accounts shall be certified or audited in such manner as is so required and by a person who holds a qualification referred to in section 14(1)(a) of the Companies Act 1982.355

(3) Where a notice under subsection (1) includes a requirement under subsection (2), the Treasury shall reimburse the amount of the direct accountancy cost of the certification or audit if —

(a) the person on whom notice is served is under no obligation under any other statutory provision to have such accounts certified or audited; and

(b) the accounts were not otherwise required to be certified or audited; and

(c) the person on whom notice is served has incurred the cost of the certification or audit; and

(d) the amount of income shown in the certified or audited accounts does not vary by —

(i) more than 10% from the income from the same source shown in the original return; or

(ii) if there is less than 10% variation, more than £10,000 from the income from the same source shown in the original return.

(4) A person to whom a notice is given under this section who fails to comply with the notice shall be guilty of an offence.

(5) This section is additional to and not in derogation of section 105C.356

62C Production and auditing of accounts of corporate taxpayer

(1) The Assessor may at any time cause a notice to be served on any corporate taxpayer requiring that taxpayer to deliver to the Assessor within such reasonable period as is specified in the notice such accounts in respect of such accounting period as the notice requires.

(2) Subsections (2) to (4) of section 62B shall apply in respect of a notice served under this section as they apply in respect of a notice served under that section.

(3) The generality of this section is not limited by section 62B, B84 or any other provision of the Income Tax Acts.

(4) A corporate taxpayer must preserve those records required to enable that taxpayer to comply with this section for a minimum period of 6 years following the end of the accounting period to which those records relate.357

(5) The records preserved must —

(a) correctly explain the company’s transactions;
(b) enable the company’s financial position to be determined with reasonable accuracy at any time; and

(c) allow accounts required under this section to be prepared.\footnote{358}

(6) For the purposes of this section, “\textit{corporate taxpayer}” includes a corporate taxpayer that has ceased to exist.\footnote{359, 360}

\section*{63 Return in respect of partners}

\footnote{1946/45}

(1) A return in respect of income in which two or more persons in co-partnership are jointly concerned shall be made and delivered in the prescribed form and in the manner provided by this Act by any one of such partners present in the Isle of Man on behalf of himself and the other partners so jointly interested whose names shall also be stated in the return, and the proportion of the profits to which they are severally entitled.

(2) In any case where none of such partners shall be present in the Isle of Man, then the return shall be made by the attorney or agent in the Isle of Man of such partners or any of them having the receipt of any income of such partner or any of them.

(3) A partnership shall not be liable to pay income tax on its profits, but each partner shall be liable to pay income tax at the appropriate rate in respect of his whole income, including his share of the profits of the said partnership:

Provided always that nothing in this section contained shall operate to release or extinguish any liability of the attorney or agent to pay Manx income tax as attorney or agent of the individual partners.

\section*{63A Returns in respect of members of limited liability companies}

(1) A return in respect of the income of members from a limited liability company —

(a) shall be made and delivered in the prescribed form by the registered agent on behalf of the members; and

(b) shall state the names of the members and the proportion of the profits of the company to which they are severally entitled,

and the registered agent of a limited liability company shall for all the purposes of this Act be deemed to be the agent of each of the members of such a company and accordingly, references in this Act to a person’s agent shall in relation to a member of a limited liability company be construed as including the registered agent of the company of which he is a member.

(2) The registered agent of a limited liability company shall have all such rights of access to the records of the company as are necessary for him to
perform his functions as agent of the members of the company for the purposes of this Act.

(3) In any case where there is no registered agent and there is a member present in the Isle of Man, then the return shall be made by that member.

(4) A member of a limited liability company shall have all such rights of access to the records of the company as are necessary for him to make a return in accordance with subsection (3).

(5) In any case where there is no registered agent and no member is present in the Isle of Man, the return shall be made by the attorney or agent in the Isle of Man of such members or any of them having the receipt of any income of such member or any of them.

(6) The Assessor may require any person making a return under this section and any person on whose behalf a return is so made to appear before him to verify on oath the statements contained in his return or to produce such oral and documentary evidence in support of the return for the information of the Assessor as the Assessor may require.

(7) If the Assessor is not satisfied with the return made by any person under this section, or the person fails to appear before him, or fails to produce the evidence required, or the Assessor is not satisfied with the evidence which has been furnished, the Assessor shall make an assessment in such sum as, according to the best of his judgment, ought to be charged.

(8) The Assessor may administer oaths for the purposes of this section.

(9) Section 84 of this Act shall not apply in respect of the returns of limited liability companies.  

63B  Power to call for documents

(1) The Assessor may by notice in writing require a person specified in subsection (2) to deliver to the Assessor or, if so required by the Assessor, to make available for inspection by the Assessor, documents which are in that person’s possession or power and which (in the Assessor’s reasonable opinion) contain, or may contain, information relevant to —

(a) any interest that another person may have in a corporate taxpayer;

(b) the residence status of that other person for the purposes of this Act.

(2) The persons specified for the purposes of subsection (1) are —

(a) a person licensed under section 7 of the Financial Services Act 2008 in respect of the provision of corporate services; and

(b) a person, other than a person mentioned in subsection (a), who is the secretary of a corporate taxpayer.
(3) Before a notice is given under subsection (1), the person to whom the notice is to be given must have been given a reasonable opportunity to deliver or make available the documents in question.

(4) As an alternative to delivering documents to comply with a notice under subsection (1), copies of documents may be delivered instead of the originals; but —
   (a) the copies must be in a form which the Assessor reasonably requires; and
   (b) if required by the Assessor in the case of any documents specified in the requirement, the originals must be made available for inspection by the Assessor in accordance with the requirement,

and failure to comply with a requirement under this subsection counts as failure to comply with the notice.

(5) A person who fails to comply with a requirement of the Assessor under subsection (1) commits an offence and is liable on summary conviction to custody for a period not exceeding 6 months or to a fine not exceeding £5,000.

63C Power to call for information relating to beneficial ownership

(1) The powers conferred by this section may be used for the purpose of enquiring into the identity of members of a corporate taxpayer.

(2) The Assessor may by notice in writing require any person to deliver to the Assessor or, if so required by the Assessor, to make available for inspection by the Assessor, such documents as are in his possession or power and as (in the Assessor’s opinion) contain or may contain, information relevant to —
   (a) the present and past members of a corporate taxpayer;
   (b) the names and addresses of those members; or
   (c) any person who acts or has acted (in any capacity) on behalf of a member of a corporate taxpayer.

(3) A person who, having been requested to do so, fails to deliver documents or information required under this section, or who in giving such information makes any statement which that person knows to be false in a material particular, commits an offence and is liable on summary conviction to custody for a period not exceeding 6 months or to a fine not exceeding £5,000.

63D Falsification, etc of documents

(1) Subject to subsection (2), it is an offence for a person intentionally to falsify, conceal, destroy or otherwise dispose of, or cause or permit the
falsification, concealment, destruction or disposal of, a document which that person —
(a) has been required by a notice under section 63B(1); or
(b) has been given an opportunity in accordance with section 63B(3), to deliver or make available for inspection.

(2) A person does not commit an offence under subsection (1) if that person acts —
(a) with the written permission of the Assessor;
(b) after the document has been delivered or inspected in accordance with section 63B(1); or
(c) after a copy has been delivered in accordance with section 63B(4) and the original has been inspected.

(3) A person guilty of an offence under subsection (1) is liable —
(a) on conviction on information, to custody for a term not exceeding 2 years or to a fine or to both;
(b) on summary conviction, to a fine not exceeding £5,000.364

64 [Repealed]365

65 Spouses and civil partners - separate treatment366

(1) Income tax shall be assessed and charged on, and payable by, spouses and civil partners as separate individuals.367

(2) All the provisions of the Income Tax Acts, the Income Tax (Instalment Payments) Act 1974 and any public document made under those Acts shall, subject to any order made under section 65J, apply as if the spouses or civil partners were separate individuals.368

(3) Subsection (2) shall not affect the operation of any provision referred to in that subsection that expressly provides for circumstances where individuals are married or civil partners.369

(4) This section is subject to sections 65A to 65J (election for joint treatment).370

65A Election for joint treatment

(1) If a valid election made in accordance with section 65C (“a joint treatment election”) is in force, the income, deductions and reliefs of spouses or civil partners shall be aggregated for the purposes of the assessment, charge and payment of income tax.371

(2) If a joint treatment election is in force, the spouses or civil partners shall make, sign and deliver to the Assessor a joint return of their aggregated
income and claims for deductions and reliefs, but subject to subsection (2A).\textsuperscript{372, 373}

(2A) If a joint return of the spouses’ or civil partners’ aggregated income and claims for deductions and reliefs is both completed and delivered electronically, it need be authenticated by only one of them, but it shall be treated as if both had completed and delivered it.\textsuperscript{374}

(3) If a joint treatment election is in force, the spouses or civil partners shall, for the purposes of the Income Tax Acts, together be treated as a single individual and shall be jointly and severally liable to pay —

(a) income tax in respect of the aggregated income; and

(b) any penalty, interest or other amount falling to be paid by them under the Income Tax Acts.\textsuperscript{375, 376}

65B Conditions for joint treatment

(1) An election will be valid in respect of a year of assessment only if one of the conditions set out in subsection (2) is satisfied.

(2) The conditions are that the spouses or civil partners —

(a) must —

(i) live together (within the meaning of section 65E) for the whole of the year of assessment; and

(ii) both be resident in the Island for the whole of the year; or

(b) must, if they both commence residence in the Island during the year, —

(i) be married or civil partners before the commencement of residence in the Island; and\textsuperscript{377}

(ii) both be resident in the Island for the whole of the remainder of the year; and

(iii) live together (within the meaning of section 65E) for the whole of the remainder of the year.\textsuperscript{378, 379}

65C Elections

(1) An election shall be in writing and —

(a) shall be made at such time; and

(b) shall be in such form; and

(c) may require such information; and

(d) contain such statements,

as may be prescribed by regulations made by the Treasury.

(2) Without prejudice to the generality of subsection (1), an election shall —

(a) be signed by both spouses or civil partners;\textsuperscript{380}
(b) specify which spouse’s or civil partner’s name is to be used on cheques (if any) if not issued in both spouses’ or civil partners’ names and any such cheque shall be treated as payment of any amount due jointly to both the spouses or civil partners;\(^3\)\(^8\)\(^1\)\(^3\)\(^8\)\(^2\)

(c) specify the spouse or civil partner to whom correspondence may be addressed if not addressed to both spouses or civil partners and any correspondence delivered to that spouse or civil partner shall, for all purposes, be treated as delivered to both the spouses or civil partners;\(^3\)\(^8\)\(^3\)

(d) be sufficient authority for the Assessor or any officer of the Treasury who has any official duty under or in respect of the Income Tax Acts to disclose documents and information relating to the income, deductions or reliefs claimed by one spouse or civil partner to the other spouse or civil partner;\(^3\)\(^8\)\(^4\)

(e) specify that a return submitted under 65A(2) may be submitted electronically by either spouse and that such a return should be treated as a joint return signed and delivered by both the husband and the wife.\(^3\)\(^8\)\(^5\)  

(3) Regulations under this section shall not come into operation unless they are approved by Tynwald.\(^3\)\(^8\)\(^6\)

65D Jointly held property

(1) If a joint treatment election is in force, income arising from property held in the names of spouses or civil partners shall, for the purposes of income tax, be regarded as income to which they are beneficially entitled in equal shares.\(^3\)\(^8\)\(^7\)

(2) Subsection (1) shall not apply in respect of any such income if either of the spouses or civil partners satisfies the Assessor that they are not beneficially entitled to such income in equal shares.\(^3\)\(^8\)\(^8\)\(^9\)

65E Meaning of “living together”

(1) For the purposes of, and subject to the provisions of the Income Tax Acts which apply this section, spouses or civil partners shall be treated as living together unless —

(a) they are separated under an order of a court of competent jurisdiction, or by deed of separation; or

(b) they are in fact separated in such circumstances that the separation is likely to be permanent.\(^3\)\(^9\)\(^0\)

(2) Where a spouse or civil partner is living with his or her spouse or civil partner and either —
(a) one of them is not or both of them are not, resident in the Island for a year of assessment, or
(b) both of them are resident in the Island for a year of assessment, but one of them is, and the other is not, absent from the Island throughout that year,
the same consequences shall follow for income tax purposes as would have followed if, throughout that year of assessment they had been in fact separated in such circumstances that the separation was likely to be permanent.\(^{391}\)

(3) Spouses and civil partners shall not be treated as living together in respect of the year of assessment in which —
(a) they marry or form a civil partnership; or\(^ {392}\)
(b) they cease to be treated as living together under subsection (1).\(^ {393}\)

(4) Subsection (3)(a) applies only in respect of —
(a) a husband and wife who are resident in the Island when they marry, or
(b) civil partners who are resident in the Island when they form a civil partnership,
and does not limit the operation of section 65B(2)(b).\(^ {394} \)\(^ {395}\)

65F Revocation of joint treatment election

(1) This section applies if, in respect of any year of assessment in respect of which there is a joint treatment election in force, a notice of revocation is served in accordance with this section.

(2) A joint treatment election may be revoked by either of the spouses or civil partners.\(^ {396}\)

(3) Notice of revocation shall be served on the Assessor in such form as may be prescribed by regulations made by the Treasury.

(4) A revocation may be made under this section in respect of —
(a) the year of assessment in which the revocation is served on the Assessor; or
(b) the year of assessment immediately preceding the year referred to in paragraph (a),
in this section each of those years is referred to as “the relevant year”.

(5) The joint treatment election shall not apply in respect of the relevant year and accordingly section 65 shall apply in respect of that year and subsequent years as if there had been no joint treatment election.

(6) Subject to subsections (7) and (8), any payment falling to be made under the Income Tax Acts and made to the Assessor in respect of the relevant
year shall, if made before the notice of revocation is served on the Assessor, be regarded as a payment to which the spouses or civil partners contributed equally.\textsuperscript{397}

(7) But any deduction in respect of income tax under —

(a) the \textit{Income Tax (Instalment Payments) Act 1974}; or

(b) Part 3 of the \textit{Income Tax Act 1989} (deduction of tax, etc from payments to sub-contractors),

which is made in respect of the relevant year shall, if made before the notice of revocation is served on the Assessor, be regarded as a deduction to which the spouses or civil partners did not contribute equally.\textsuperscript{398}

(8) Subsection (6) shall not apply in respect of any such payment if the Assessor is satisfied that the spouses or civil partners did not contribute equally to the payment.\textsuperscript{399}

(9) Regulations under this section shall not come into operation unless they are approved by Tynwald.\textsuperscript{400}

65G \textbf{Cessation of joint treatment election}

(1) This section applies if, during any year of assessment (“the relevant year”) in respect of which there is a joint treatment election in force —

(a) spouses or civil partners cease to be treated as living together under section 65E(1);\textsuperscript{401}

(b) one spouse or civil partner ceases to be resident in the Island and the Assessor is satisfied that the circumstances are such that the cessation is likely to be permanent; or\textsuperscript{402}

(c) one spouse or civil partner dies.\textsuperscript{403}

(2) The joint treatment election shall not apply in respect of the relevant year and accordingly section 65 shall apply in respect of that year as if there had been no joint treatment election.

(3) Subject to subsections (4) and (5), any payment falling to be made under the Income Tax Acts and made to the Assessor in respect of the relevant year shall, if made before the relevant event referred to in subsection (1)(a) to (c), be regarded as a payment to which the spouses or civil partners contributed equally.\textsuperscript{404}

(4) But any deduction in respect of income tax under —

(a) the \textit{Income Tax (Instalment Payments) Act 1974}; or

(b) Part 3 of the \textit{Income Tax Act 1989} (deduction of tax, etc from payments to sub-contractors),

which is made in respect of the relevant year shall, if made before the relevant event referred to in subsection (1)(a) to (c), be regarded as a
deduction to which the spouses or civil partners did not contribute equally.\textsuperscript{405}

(5) Subsection (3) shall not apply in respect of any such payment if the Assessor is satisfied that the spouses or civil partners did not contribute equally to the payment.\textsuperscript{406}  \textsuperscript{407}

65H Transfer of unused allowances, etc in year of death

(1) This section applies where section 65G applies by virtue of section 65G(1)(c).

(2) If the allowances to which the deceased spouse or civil partner was entitled to under sections 31A(1)(a)(i), 35, 35A, 35B, 43B and 44A of this Act exceed the total income of that spouse or civil partner in respect of the year of assessment in which he or she died, the surviving spouse or civil partner shall be entitled to a deduction from his or her total income for that year of an amount equal to the excess.\textsuperscript{408}

(3) If the deductions to which the deceased spouse or civil partner was entitled to under sections 31A(1)(a)(ii), 39AA, 48C and 61E of this Act exceed the income tax liability of that spouse or civil partner in respect of the year of assessment in which he or she died, the surviving spouse or civil partner shall be entitled to a deduction from his or her income tax liability for that year of an amount equal to the excess.\textsuperscript{409}

(4) No deduction under subsection (3) shall of itself entitle the survivor to a refund or repayment of tax.\textsuperscript{410}  \textsuperscript{411}

65I Transfer of unused allowances in year of marriage or formation of civil partnership\textsuperscript{412}

(1) This section applies where during any year of assessment (“the relevant year”) —

(a) persons are married or form a civil partnership and begin to live together (within the meaning of section 65E); and\textsuperscript{413}

(b) continue to live together for the whole of the relevant year; and

(c) have made a joint treatment election in accordance with section 65C in respect of the next following year of assessment.

(2) Subject to subsection (3), during the relevant year income tax will continue to be assessed and charged on, and payable by, the persons making the election in accordance with section 65.\textsuperscript{414}

(3) If the allowances to which one individual was entitled to under sections 31A(1)(a)(i), 35, 35A, 35B, 43B and 44A of this Act exceed the total income of that individual in respect of the relevant year, the other individual shall be entitled to a deduction from his or her total income in respect of the relevant year of an amount equal to the excess.\textsuperscript{415}
(4) If the deductions to which one individual was entitled to under sections 31A(1)(a)(ii), 39AA, 48C and 61E of this Act exceed the income tax liability of that individual in respect of the relevant year, the other individual shall be entitled to a deduction from his or her income tax liability in respect of the relevant year of an amount equal to the excess.416

(5) No deduction under subsection (4) shall of itself entitle the other individual to a refund or repayment of tax.417 418

65J **Supplementary provisions**

(1) The Treasury may by order —

(a) make such provision as seems necessary or expedient to give effect to the purposes of sections 65 to 65I;

(b) modify the provisions of the enactments referred to in section 65(2) in their application to circumstances affected by sections 65 to 65I or an order under paragraph (a).

(2) An order under subsection (1) may be made retrospective and shall be deemed to have had effect in respect of such income tax year (not being a year commencing before the 6th April in the year in which the order is made) as may be specified in the order.

(3) An order under subsection (1) shall not come into operation unless it has been approved by Tynwald.419

A66 **Corporate taxpayers: returns**

(1) Every corporate taxpayer shall on or before the due day make and deliver to the Assessor a true and correct return of that taxpayer’s whole income for each accounting period.

(2) A return shall —

(a) give particulars of the items and sources of the corporate taxpayer’s income; and

(b) specify the items of income in respect of which income tax is payable by law elsewhere, and the rate and amount of such income tax in the prescribed form; and

(c) the particulars as to the amount of such income distributed by way of dividend and the amount otherwise applied.

(3) In this section the “due day” is —

(a) the day following the expiry of 12 months from the end of every accounting period, or

(b) such later date as the Treasury may by order determine.
(4) Every return for an accounting period must include a computation of the amount of tax which is payable by the corporate taxpayer for that period—
   (a) on the basis of the information contained in the return; and
   (b) taking into account any relief, deduction or allowance for which a claim is included in the return or which is required to be given in relation to that accounting period.

(4A) A corporate taxpayer is required to include in the return the information requested by the Assessor relating to the substance requirements in Part 6A.420

(5) Every corporate taxpayer that is exempt from the obligation to comply with section B66(3) shall be supplied by the Assessor, on request, with a copy of the appropriate form on which the return is to be made, either by prepaid post or otherwise.421

(6) The Assessor may require any corporate taxpayer liable to deliver a tax return to include in their return such additional information as the Assessor reasonably requires for the administration or application of any provision of this Act. Such additional information includes details of the members of the corporate taxpayer, loan account summaries, details of distributions made and financial accounts or accounting records.422 423

B66 Compulsory online filing of corporate income tax returns

(1) A corporate taxpayer must comply with this section unless—
   (a) the corporate taxpayer is exempt from such compliance under subsection (5); or
   (b) upon receipt of an application from the corporate taxpayer the Assessor is satisfied that the taxpayer—
      (i) does not have access to the internet; or
      (ii) is otherwise unable, with reasonable excuse, to comply with this section,

and should be exempt from such compliance.

(2) For the purposes of subsection (1)(b)(ii), where reliance to comply with this section is placed on any other person, neither the fact of the reliance nor any dilatoriness on the part of the person relied upon is a reasonable excuse.

(3) A corporate taxpayer with an accounting period ending on or after 5 April 2015 must utilise the Online Company Tax Service to make and deliver to the Assessor a return in accordance with section A66.

(4) A corporate taxpayer who fails to comply with subsection (3) commits an offence and is liable on summary conviction to a fine not exceeding £5,000.
A corporate taxpayer is exempt from the obligation to comply with subsection (3) if, upon receipt of an application from the taxpayer, the Assessor is satisfied that the taxpayer is —

(a) a members’ club, investment club or sports and social club;
(b) a foundation within the meaning of the Foundations Act 2011;
(c) a charity;
(d) a corporate taxpayer that is in —
   (i) liquidation;
   (ii) receivership; or
   (iii) administration;
(e) a limited liability company; or
(f) a protected cell company.

An application under subsection (1)(b) or (5) must be in the form and manner required by the Assessor.

A corporate taxpayer may appeal to the Commissioners against a decision of the Assessor not to exempt the corporate taxpayer under subsection (1)(b) or (5) and the Commissioners may confirm, vary or revoke the decision.

In this section “Online Company Tax Service” means the Company Tax Service which is accessible through —

(a) the Income Tax Services page (www.gov.im/treasury/incometax/services) of the website of the Isle of Man Government (www.gov.im); or
(b) such other website address as may be made available by the Treasury for use.

66 Returns in respect of companies
[1946/48; 1946/20(2)]

A return in respect of the income of any association shall be made and delivered as required by this Act by the president, managing director, manager, treasurer or secretary of such association, or other officer (by whatever name called) performing the duties of manager, and he shall be liable to pay income tax in respect of the income of such association, but such liability shall not affect the ultimate liability of such association to pay the same:

Provided that no person shall be convicted under section one hundred and eight of this Act of failing or refusing to deliver a return, if it is proved to the satisfaction of the Court that any other person required by this section to make and deliver such return has duly made and delivered the same or has been convicted of the same offence:
Provided also that the payment of income tax by any such officer in respect of the income of any such association shall constitute a preference claim, ranking immediately after claims of the Crown, in favour of such officer against any property of such association for the amount so paid.

(2) If more than one return is delivered under this section, the return showing the highest amount of income shall be deemed to be the return made on behalf of the association.

(3) The Assessor shall be entitled by notice to require any association or any director or officer thereof, to make, within fourteen days of the date of the service, a return showing the total income from all sources, and the expenses of the association, the names and addresses of the shareholders, stockholders, debenture holders, members or associates, or bond holders, with the amount of their respective holdings and the sums paid to them in respect thereof by way of dividend, bonus, interest, or share of profit, and any person failing to make such return shall be guilty of an offence against this Act.\textsuperscript{425}

67 Information to be given by employers
[1946/42]

(1) Every employer, when required to do so by notice from the Assessor in the prescribed form, shall, within the time limited in the notice, which shall not be less than four days from the date of the service of the notice, make and deliver to the Assessor a written statement signed by him of the names and places of abode of any persons employed by him to whom this provision applies, and of the payments made to those persons in respect of that employment.

(2) The provisions of the last foregoing subsection apply to all persons employed by an employer, except persons who are not employed in any other employment and whose remuneration in the employment for the year does not amount to one hundred and thirty five pounds.

(3) Where the employer is a body of persons corporate or unincorporate, the manager of the body or other officer (by whatever name called) performing the duties of manager, shall be deemed to be the employer for the purposes of this section, and any director of a company, or person engaged in the management of a company, shall be deemed to be a person employed.

68 Return by attorneys, agents and guardians
[1946/44]

(1) Every person out of the Isle of Man shall cause a return of the whole of his income, whether chargeable with income tax in the Isle of Man or not, to be made and delivered by his attorney or agent in the Isle of Man and such attorney or agent shall be liable to pay income tax found to be due
in respect of such income of his principal; in default of a return by such
attorney or agent, the Assessor may make an assessment of the income of
such person as in section eighty-six of this Act, and such attorney or
agent shall be liable to pay the income tax assessed.

(2) The attorney or agent of any person in the Isle of Man liable to pay
income tax may on behalf of such person make and deliver a return as
required by this Act, and he shall be liable to pay income tax in respect of
the income of such person:

Provided that the Assessor shall have power in any case to refuse to
accept such a return by an attorney or agent and to call upon such person
aforesaid to make and deliver his own return and such person shall
make and deliver a return as aforesaid to the Assessor within seven days
after the service on him of a notice from the Assessor calling upon him to
deliver a return.

(3) The guardian of any minor shall make and deliver a return as required
by this Act on behalf of the person of whom he is the guardian, and he
shall be liable to pay income tax in respect of the income of such person.

(4) The payment of income tax by any such attorney, agent, or guardian in
respect of the income of any other person shall constitute a preference
claim, ranking immediately after claims of the Crown, in favour of such
attorney, agent, or guardian, against any property of such other person
for the amount so paid.

(5) The liability of such attorney, agent, or guardian for the payment of
income tax shall not affect the ultimate liability of such other person for
the payment of the same.

69 Principal and agent to be named in assessment
[1946/49]
Where an assessment is made of the income of any person on a return made by
some other person on behalf of such first-mentioned person, the assessment
shall be made and entered in the assessment list in the name of the person
making such return, and also in the name of the first-mentioned person; and
such person making the return shall be liable to pay the income tax so assessed.

70 Chargeability of agent of non-resident person
[1946/50]
(1) (a) A person not resident in the Isle of Man (hereinafter in this
section referred to as a “non-resident person”), whether a British subject
or not, shall be assessable and chargeable in the name of his trustee,
guardian, or committee, or of any attorney, agent, receiver, branch or
manager, whether such attorney, agent, receiver, branch or manager has
the receipt of the income or not in like manner and to the like amount as
such non-resident person would be assessed and charged if he were resident in the Isle of Man and in the actual receipt of such income.

(b) A non-resident person shall be assessable and chargeable in respect of any income arising, whether directly or indirectly, through or from any attorneyship, agency, receivership, branch or management, and shall be so assessable and chargeable in the name of the attorney, agent, receiver, branch or manager.

(2) Where a non-resident person, not being a British subject or a firm or company whose principal place of business is situated in Her Majesty’s dominions or in territory under Her Majesty’s protection or a branch thereof carries on business with a resident person and it appears to the Assessor that owing to the close connection between the resident person and the non-resident person and to the substantial control exercised by the non-resident person over the resident person the course of business between those persons can be so arranged and is so arranged that the business done by the resident person in pursuance of his connection with the non-resident person produces to the resident person either no profit or less than the ordinary profits which might be expected to arise from such business, the non-resident person shall be assessable and chargeable to tax in the name of the resident person as if the resident person were an agent of the non-resident person.

(3) Where it appears to the Assessor or to the Commissioners or to the Staff of Government Division that the true amount of the gains or profits of any non-resident person chargeable with tax in the name of the resident person cannot in any case be readily ascertained, the Assessor or Commissioners or the Staff of Government Division may, if he or they think fit, assess and charge the non-resident person on a fair and reasonable percentage of the turnover of the business done by the non-resident person through or with the resident person in whose name he is chargeable as aforesaid, and, in such case the provisions of the Income Tax Acts relating to the delivery of the return or particulars by persons acting on behalf of others shall extend so as to require returns or particulars to be furnished by the resident person of the business so done by the non-resident person through or with the resident person, in the same manner as returns or particulars are to be delivered by persons acting for incapacitated or non-resident persons of income to be charged:

Provided that the amount of the percentage shall in each case be determined having regard to the nature of the business and shall when determined by the Assessor, be subject to an appeal to the Commissioners and the determination of the Commissioners shall be subject to appeal to the Staff of Government Division, as provided in section ninety of this Act.

(4) Nothing in this section shall render a non-resident person chargeable in the name of a broker or general commission agent or other agent where
such broker, general commission agent, or agent is not an authorised person carrying on the regular agency of the non-resident person or person chargeable, as if he were an agent in pursuance of subsections (2) and (3) of this section in respect of gains or profits arising from sales or transactions carried out through such a broker or agent.

(5) The fact that a non-resident person executes sales or carries out transactions with other non-residents in circumstances which would make him chargeable in pursuance of subsections (2) and (3) of this section in the name of the resident person shall not of itself make him chargeable in respect of gains or profits arising from those sales or transactions.

(6) Where a non-resident person is chargeable to tax in the name of any attorney, agent, receiver, branch or manager in respect of any gains or profits arising from the sale of goods or produce manufactured or produced out of the Isle of Man by the non-resident person, the person in whose name the non-resident person is so chargeable may if he thinks fit apply to the Assessor, or in the case of an appeal to the Commissioners or the Staff of Government Division, to have the assessment to tax in respect of those gains or profits made or amended on the basis of the profits which might reasonably be expected to have been earned by a merchant, or where goods are retailed by or on behalf of the manufacturer or producer by a retailer of the goods sold who had bought from the manufacturer or producer direct, and on proof to the satisfaction of the Assessor or the Commissioners or the Staff of Government Division the amount of the profits on the basis aforesaid, the assessment shall be made or amended accordingly.

Assessment where several agents act

[1946/77]

(7) Where any profession, trade, employment, or vocation is carried on in the Isle of Man by any person not ordinarily resident in the Isle of Man, at more than one place of business, or by more than one agent or representative, the assessment in respect of profits of such person liable to Manx income tax may be made, and all the notices required by the Income Tax Acts to be given may be made at or upon one of such places of business or one of such agents or representatives, and such agent or representative shall be liable in respect of the assessment upon the whole of the profession, trade, employment, or vocation carried on by such person in the Isle of Man as if he were the sole agent or representative of such person.

71 Requisition on persons to deduct tax from payments to non-residents

(1) The Assessor may, by notice in writing, require a person who makes any taxable payment to another person who is resident out of the Isle of Man,
to pay Manx income tax in respect of that payment for the year in which
the payment is made, at such rate in the pound as the Assessor may
determine to be the appropriate rate of tax payable by that other person
and such income tax shall be payable accordingly and shall be a debt due
by the person making the payment in all respects as income tax due
under the Income Tax Acts.

(2) Any income tax so paid by a person under subsection (1) above, shall be
deemed to be paid on behalf of the person to whom the taxable payment
is made and may be deducted therefrom, and the person making the
payment shall give a certificate in such form as the Assessor may
approve of such deduction to the person to whom the taxable payment is
made.

(3) Any person who has had income tax deducted under this section may,
within 3 years after such deduction, apply to the Assessor to have his
liability to income tax adjusted and the amount payable corrected, and
on satisfying the Assessor as to the proper amount payable having
regard to the total income of that person and the allowances to which
that person may be entitled, the Assessor shall certify to the Treasury the
amount of refund due to that person, and that amount shall be paid to
that person by the Treasury.

(4) In this section, “taxable payment” means any payment or credit specified
in a notice given by the Assessor under subsection (1) above, and on
which income tax is assessable and chargeable under the Income Tax
Acts.426

(5) A notice given by the assessor under this section shall have the same
effect as an assessment made upon the person to whom such notice has
been given.

(6) Without prejudice to section 73, where income tax has been or should be
deducted under this section, that income tax shall be accounted for and
paid over to the Assessor within 14 days of such deduction or the date on
which such deduction should have been made.427 428

72 [Repealed]429

73 Tax deducted based on income of current year

Notwithstanding anything contained in this Act, where for any year of
assessment income tax has been or should be deducted under the provisions of
section 71 from any taxable payment to a person not resident in the Isle of Man,
the amount of such income to be included in any return or assessment for
income tax purposes for that year of assessment shall be the amount of such
income payable within the year of assessment, less, in the case of rents, the
allowances under sections 58 and 59.430
74 Individual remains liable until tax is paid

[1946/54]

Nothing in this Act contained shall be taken to relieve any person from any tax due or payable unless and until such tax has been paid on behalf of such person.

75 Deduction of tax from payments to non-residents

[1946/55]

(1) Any person paying Manx income tax on behalf of a person resident out of the Isle of Man shall be entitled to recover from the person on whose behalf such tax shall be paid, or to retain out of any moneys due to such person, so much as shall be required to indemnify him in respect of such payment.

(2) The person on whose behalf such tax is paid shall allow such deduction as provided in this Act, and the person making such deduction shall be acquitted and discharged of so much money as is represented by such deduction as if that sum had been actually paid.

76 Delivery of lists by persons receiving income for other persons

[1946/57]

(1) Every person who, in whatever capacity, is in receipt of any money or value, or of profits or gains from any of the sources mentioned in the Income Tax Acts, of or belonging to any other person who is chargeable in respect thereof, or who would be so chargeable if he were resident in the Isle of Man, and not an incapacitated person, shall, whenever required to do so by any general or particular notice by the Assessor, prepare and deliver, within the period mentioned in such notice, a list in the prescribed form, signed by him, containing —

(a) a true and correct statement of all such money, value, profits or gains;

(b) the name and address of every person to whom the same shall belong;

(c) a declaration whether every such person is —

(i) of full age;

(ii) resident in the Isle of Man;

(iii) an incapacitated person.

(2) If any person above described is acting jointly with any other person, he shall, in like manner, deliver a list of the names and addresses of all persons joined with him at the time of delivery of the list mentioned in the last preceding subsection.

(a) A trustee who has authorised the receipt of profits arising from trust property by the person entitled thereto, or by the agent of
77  **Default of agent is default of principal**

[1946/58]

Where any person who is required by this Act to make and deliver a return on behalf of some other person fails to do so, then such other person and such first mentioned person may be assessed in like manner as any person making default in delivering a return is liable to be assessed under section eighty-six of this Act.

78  **Particulars of taxable payments**

(1) The Assessor may, by notice in writing, require a person who makes any taxable payment to another person to furnish in writing to the Assessor a statement giving particulars of such payments, the persons to whom made, and the obligation in respect of which the same is paid or credited.

(2) In this section, “taxable payment” means any payment or credit specified in a notice given by the Assessor under subsection (1) and which (in whole or in part) can be taken into account in the assessment of income tax under the Income Tax Acts.432

78A  **Returns by insurers**

(1) An insurer must, in each year of assessment, provide the Assessor with the information specified in subsection (3) in respect of all policies held by policyholders who are resident in the Island.

(2) In the case of a policy held by a policyholder who is a trustee for another, an insurer need only provide information if both the trustee and the other are resident in the Island.

(3) The information is —

(a) the name and address of the policyholder;

(b) the amount of the investment received in that year;

(c) the amount of any payment made to the policy holder during the year; and

(d) such other information as the Assessor may reasonably require by notice in writing.
(4) The information must be provided in the manner and format specified by the Assessor.

(5) In this section “insurer” means a person resident in the Island who conducts business which consists of, or includes, the effecting and carrying out of —
   (a) policies of life insurance;
   (b) contracts for life annuities; or
   (c) capital redemption policies.433

79 Returns for persons dying during year of assessment
[1946/60]

(1) Where any person liable to pay income tax for any year of assessment shall die before delivering a return for that year, his executors or administrators, or the persons who shall have taken possession of his property shall make and deliver the return which the deceased person was liable to make, or which, if he had lived, he would have been liable to make.

(2) Any income tax due and unpaid by a person who shall have died shall be payable out of his estate and be a first charge upon the estate of such deceased person, and his executors or administrators or the persons who shall have taken possession of his property shall pay any such tax out of any assets of such deceased person coming into their hands and for such payment they are hereby indemnified.

80 Assistance by rate collectors
[1946/67]

Every rate collector and officer of the Assessment Board and officer of any local government body and any other person employed in the assessment of property for rating purposes, shall render such assistance and give such information to the Assessor as may be within his knowledge, arising out of his said work and position, and shall, when so required, furnish the Assessor with the names and addresses of the owners and occupiers of property within his district, and shall, at such time and place as the Assessor may fix, produce his books, lists and returns to the Assessor or such other person as the Assessor may designate, and every person so doing shall be paid for his service such sum as the Treasury may determine.434

80A Duty to preserve records

(1) A person who —
   (a) makes and delivers a return in compliance with section 62, 62A, 63, 63A, 66, A66, 68 or 79 must, in accordance with this section,
preserve such records as were needed to enable that person to deliver the return; or

(b) is required to make and deliver a return in compliance with section 62, 62A, 63, 63A, 66, A66, 68 or 79 but has not done so, must, in accordance with this section, preserve such records as are needed to enable that person to deliver the return.

(2) The records must be preserved —

(a) in the case of a corporate taxpayer, for 5 years from the end of the relevant accounting period or, if later, 5 years after the delivery of the return in accordance with the relevant section;\(^\text{435}\)

(b) in the case of a non-corporate taxpayer who carries on a trade, profession or business or who receives income arising from the rents of land (within the meaning of section 58(3)), 6 years from the end of the relevant year of assessment or, if later, 6 years after the delivery of the return in accordance with the relevant section;

(c) in the case of other non-corporate taxpayers, 2 years from the end of the relevant year of assessment or, if later, 2 years after the delivery of the return in accordance with the relevant section.

(3) The records required to be preserved under this section are all such records and supporting documents as may be necessary for making a true, correct and complete return and include records of —

(a) all receipts and expenses in the course of a corporate taxpayer’s activities, and the matters in respect of which the receipts and expenses arise; and

(b) in the case of a trade involving dealing in goods, all sales and purchases made in the course of the trade.

(4) In subsection (3), “supporting documents” includes accounts, books, deeds, contracts, vouchers and receipts.

(5) The duty under this section to preserve records may be satisfied by the preservation of the information contained in them if the Assessor is satisfied that any facts which the Assessor reasonably require to be proved, and which would have been proved by the records, are proved by other documentary evidence furnished to the Assessor.

(6) Where information is so preserved a copy of any document forming part of the records is admissible in evidence in any proceedings to the same extent as the records themselves.

(7) Any person who fails to comply with subsection (1) is guilty of an offence and is liable on summary conviction to a fine not exceeding £10,000.\(^\text{436}\)
PART 6A – SUBSTANCE REQUIREMENTS

80B Definitions

In this Part —

“banking” means the regulated activity of deposit taking by a person holding a licence, issued under section 7 of the Financial Services Act 2008, which permits the undertaking of Class 1(1) or Class 1(2) activity as those classes of activity are described in the Regulated Activities Order 2011, as that order is amended from time to time;

“distribution and service centre business” means, as the sole or main activity, —
(a) the purchase of raw materials and finished products from foreign group entities and the resale of the materials and products for a percentage of the profit; or
(b) the provision of services to foreign group entities;

“financing and leasing” means providing a credit facility of any kind for consideration to any person (a “customer”) and for the purposes of this definition —
(a) consideration may include consideration by way of interest;
(b) the provision of credit may be by way of instalments for which a separate charge is made and disclosed to the customer in connection with —
(i) the supply of goods by hire purchase;
(ii) financial leasing (excluding land and interests in land); or
(iii) conditional sale or credit sale; and
(c) where an advance or credit repayable by a customer is assigned to another person, that other person is deemed to be providing a credit facility;

but any activity falling within the definition of banking, insurance or fund management is excluded from this definition of financing and leasing;

“foreign tax official” means a foreign tax official of any EU Member State with which there is an international arrangement and in which an immediate or ultimate parent company or an ultimate beneficial owner of the relevant sector company is resident;

“fund management” means one of the following classes of regulated activity, undertaken by a person in accordance with a licence issued under section 7 of the Financial Services Act 2008 —

b SD 884/11
(a) Class 3(1) (acting as a manager of a collective investment scheme other than an exempt scheme or an exempt-type scheme);
(b) Class 3(9), where the activity is providing management services to a person acting as a manager of a collective investment scheme other than an exempt scheme or exempt-type scheme; or
(c) Class 3(11), where the activity is acting as a manager to a collective investment scheme which is an exempt scheme or an exempt-type scheme,

and reference to a class of activity in paragraphs (a) to (c) is to be construed by reference to the class as described in the Regulated Activities Order 20113, as that order is amended from time to time;

“headquartering” means provision of services for foreign group entities which are material for decision making in the group, excluding shipping, insurance, banking, fund management, financing and leasing, distribution and service centre business or activities related to holding intangible property;

a “high risk IP company” is an IP company that holds an IP asset that—
(a) has been acquired from related parties or obtained through the funding of overseas research and development activities; and
(b) is licensed to related parties or monetised through activities performed by foreign related parties;438

a “holding company” is a company that is a pure equity holding company;

“holding intangible property” means the activity of an IP company;

“income from an IP asset” includes —
(a) royalties;
(b) income from a franchise agreement; and
(c) income from licensing the IP asset;

“insurance” means the undertaking of insurance business in or from the Island which is authorised or permitted under the Insurance Act 2008;

“international arrangement” has the meaning given in section 104B(4);

an “IP asset” means an intellectual property right including copyright, design right, trademark, brand, patent and similar asset;439

an “IP company” is a company which holds, exploits or receives income from an IP asset or assets;

“material for decision making in the group” includes —
(a) the provision of senior corporate management;
(b) the assumption or control of risk for activities or assets owned by another group entity; and
(c) advice to another group entity on the assumption or control of risk for its activities or assets;

a “pure equity holding company” is a company which as its primary function acquires and holds shares or an equitable interest in other companies, performs no commercial activity and which —

(a) holds the majority of the voting rights in another;

(b) is a member of another company and has the right to appoint or remove a majority of the board of directors of that other company; or

(c) is a member of another company and controls alone, under an agreement with other members, a majority of the voting rights in that other company;

“relevant sector” has the meaning given in section 80D(1);

“relevant sector company” has the meaning given in section 80D(2);

“ship” includes every description of vessel used in navigation but does not include —

(a) fishing vessels;

(b) vessels of a kind primarily for sport or recreation;

(c) harbour craft; or

(d) any vessel under 24 metres in length overall;

“shipping” means the operation of ships in international traffic for income for the transport of passengers or cargo and includes any of the following activities where the relevant activity is directly connected with, or ancillary to, such operation —

(a) the rental on a charter basis of a ship;

(b) the sale of tickets or similar documents and the provision of services connected with the sale of tickets or similar documents, either for the enterprise itself or any other enterprise;

(c) the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise; and

(d) the management of the crew of a ship; and

“ultimate beneficial owner” means a person who would come within the definition of a “registrable beneficial owner” in section 3 of the Beneficial Ownership Act 2017, as that Act is amended from time to time, if a reference in the definition of “beneficial owner” in section 4 of that Act to a legal entity to which that Act applies is construed as a reference to a relevant sector company to which this Part applies.}\n
40
80C Substance requirements: imposition of substance requirements

A corporate taxpayer that is a resident company must, for each accounting period in which it derives any income from a relevant sector, have adequate substance in the Island. (See section 80E.)\(^{441}\)

80D Substance requirements: relevant sectors

(1) In this Part a “relevant sector” means any of the following business sectors —

(a) banking;
(b) insurance;
(c) shipping;
(d) fund management;
(e) financing and leasing;
(f) headquartering;
(g) operation of a holding company;
(h) holding intangible property; and
(i) distribution and service centre business.

(2) A corporate taxpayer that is a resident company with income from a relevant sector is a “relevant sector company”.\(^{442}\)

80E Substance requirements: adequate substance

(1) For a relevant sector company (other than a pure equity holding company), to have adequate substance it must ensure that —

(a) it is directed and managed in the Island;
(b) there is an adequate number of qualified employees in the Island (whether or not employed by it or another person and whether on temporary or long-term contracts);
(c) it has adequate operating expenditure proportionate to the level of activity carried on in the Island;
(d) it has an adequate physical presence in the Island; and
(e) it conducts core income-generating activity in the Island.

(2) For the purposes of subsection (1)(e), a relevant sector company conducts core income-generating activity in the Island even if it outsources such activity, provided that it is able to demonstrate adequate supervision of the outsourced activity and the activity is conducted in the Island.

(3) A pure equity holding company has adequate substance if it —

(a) complies with its statutory obligations under whichever of the \(\textit{Companies Act 1931, Companies Act 2006 or Foreign Companies Act 2014} \text{ is relevant;} \text{ and} \)
(b) has adequate people and premises in the Island for holding and managing the equitable interests or shares.\textsuperscript{443}

(4) For the purposes of subsection (1)(a), a relevant sector company is “directed and managed in the Island” if —

(a) the company’s board of directors meets in the Island at an adequate frequency given the level of decision-making required;

(b) during each meeting in the Island, there must be a quorum of directors physically present in the Island;

(c) strategic decisions of the company must be set at meetings of the board of directors and minutes of the meetings must reflect those decisions;

(d) the board of directors, as a whole, must have the necessary knowledge and expertise to discharge its duties as a board; and

(e) the minutes of all board meetings and the company records are kept in the Island.

(5) For the purposes of subsection (1)(e), “core income-generating activity” includes —

(a) in the case of the banking relevant sector —

(i) raising funds;

(ii) managing risk including credit, currency and interest risk;

(iii) taking hedging positions;

(iv) providing loans, credit or other financial services to customers;

(v) managing regulatory capital; and

(vi) preparing regulatory reports and returns;

(b) in the case of the insurance relevant sector —

(i) predicting and calculating risk;

(ii) insuring or re-insuring against risk; and

(iii) providing client services;

(c) in the case of the shipping relevant sector —

(i) managing crew (including hiring, paying, and overseeing crew members);

(ii) hauling and maintaining ships;

(iii) overseeing and tracking deliveries;

(iv) determining what goods to order and when to deliver them; and

(v) organising and overseeing voyages;

(d) in the case of the fund management relevant sector —

(i) taking decisions on the holding and selling of investments;
(ii) calculating risks and reserves;
(iii) taking decisions on currency or interest fluctuations and hedging positions; and
(iv) preparing relevant regulatory or other reports for government authorities and investors;

(e) in the case of the financing and leasing relevant sector —
(i) agreeing funding terms;
(ii) identifying and acquiring assets to be leased (in the case of leasing);
(iii) setting the terms and duration of any financing or leasing;
(iv) monitoring and revising any agreements; and
(v) managing any risks;

(f) in the case of the headquartering relevant sector —
(i) taking relevant management decisions;
(ii) incurring expenditures on behalf of group entities; and
(iii) co-ordinating group activities;

(g) in the case of a relevant sector company with income from holding intangible property —
(i) where the IP asset is a —
   (A) patent or similar asset, research and development; or
   (B) marketing intangible (including a trademark), branding, marketing and distribution;
(ii) in exceptional cases, other than in the case of a high risk IP company, other core income-generating activities relevant to the business and the IP assets, which may include —
   (A) taking strategic decisions and managing (as well as bearing) the principal risks related to development and subsequent exploitation of the IP asset generating income;
   (B) taking the strategic decisions and managing (as well as bearing) the principal risks relating to the acquisition by third parties and subsequent exploitation and protection of the IP asset;
   (C) carrying on the underlying trading activities through which the intangible assets are exploited;

(h) in the case of the distribution and service centre business relevant sector —
(i) transporting and storing goods;
(ii) managing stocks and processing orders; and
(iii) the provision of consultation or administrative services.

(6) In the case of an IP company, periodic decisions of non-resident board members or the passive holding of IP assets are not adequate core income-generating activity in the Island.⁴⁴⁵ ⁴⁴⁶

**80F Substance requirements: verification**

(1) The Assessor may, in respect of any accounting period, request any additional information in order to satisfy the Assessor that a relevant sector company meets the substance requirements.

(2) A person who fails to comply with a request under subsection (1) commits an offence and is liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(3) Where the Assessor is not satisfied that a relevant sector company meets the substance requirements, the Assessor shall issue a notice to the company, the contents of which shall include notification —

(a) that the Assessor has decided that the relevant sector company does not meet the substance requirements;

(b) of the reasons for that decision; and

(c) of the sanctions that will apply under sections 80H and 80I.⁴⁴⁷

**80G Substance requirements: high risk IP company**

(1) In the case of a high risk IP company, the substance requirements are presumed not to be met, even if there are core income-generating activities being carried on in the Island relevant to the business and the IP assets, unless the company provides evidence to satisfy the Assessor that this presumption is rebutted.⁴⁴⁸

(1A) For the purpose of subsection (1) the evidence referred to includes —

(a) information which demonstrates that there is and historically was a high degree of control over the development, exploitation, maintenance, enhancement and protection of the IP asset, exercised by an adequate number of full time employees with the necessary qualifications who permanently reside and perform their activities in the Island;

(b) detailed business plans which demonstrate the commercial rationale for the company holding the IP assets in the Island;

(c) information regarding the company’s employees, their level of experience, type of contract, qualifications and the duration of their employment;

(d) evidence that the company’s decision making takes place within the Island; and

(e) any other information required by the Assessor.⁴⁴⁹
(2) In respect of any accounting period, the Assessor shall disclose to a foreign tax official any relevant information which relates to a high risk IP company under and in accordance with the articles on spontaneous exchange of information in an international arrangement, irrespective of whether the substance requirements are met.

(3) The provision regarding the disclosure of information in relation to a high risk IP company referred to in subsection (2) is in addition to the provisions regarding the disclosure of information in sections 80H, 80I and 80J.

(4) Nothing in this Part authorises a disclosure, in contravention of any provisions of the data protection legislation, of personal data which is not exempt from those provisions.

(5) In subsection (4), “data protection legislation” has the meaning given in regulation 5(1) of the GDPR and LED Implementing Regulations 2018 as it has effect from time to time.

80H Substance requirements: initial sanction

If the Assessor is not satisfied that a relevant sector company meets the substance requirements in an accounting period the Assessor shall —

(a) disclose to a foreign tax official any relevant information which relates to the relevant sector company under and in accordance with the articles on spontaneous exchange of information in an international arrangement; and

(b) issue a notice to the company, the contents of which shall include notification that —

(i) in the case of a high risk IP company, the company is liable to a civil penalty of £50,000; and

(ii) in the case of all other relevant sector companies, the company is liable to a civil penalty of £10,000.

80I Substance requirements: additional sanctions

(1) If, in the accounting period next following the accounting period in which a relevant sector company was subject to an initial sanction under section 80H, the Assessor is again not satisfied that the company meets the substance requirements, the Assessor shall —

(a) disclose information in the manner set out in section 80H; and

(b) in the case of a high risk IP company, issue a notice to the company, the contents of which shall include notification that —

(i) the company is liable to an additional civil penalty of £100,000; and

---

450

451

450

451

---

c SD 2018/0145
(ii) where the Assessor decides there is no realistic possibility of the company meeting the substance requirements, the Assessor may serve notice on the Department for Enterprise or the Registrar, as the case may be, requiring the Department or the Registrar to strike the high risk IP company off the register; and

(c) in the case of all other relevant sector companies, issue a notice to the company, the contents of which shall include notification that the company is liable to an additional civil penalty of £50,000.

(2) If, in the accounting period next following that specified in subsection (1), the Assessor is again not satisfied that the relevant sector company meets the substance requirements, the Assessor shall —

(a) again disclose information in the manner set out in section 80H; and

(b) in the case of a high risk IP company, issue a notice to the company, the contents of which shall include notification that the Assessor may serve notice on the Department for Enterprise or the Registrar, as the case may be, requiring the Department or the Registrar to strike the high risk IP company off the register; and

(c) in the case of all other relevant sector companies, issue a notice to the company, the contents of which shall include notification that —

(i) the company is liable to an additional civil penalty of £100,000; and

(ii) where the Assessor decides there is no realistic possibility of the company meeting the substance requirements, the Assessor may serve notice on the Department for Enterprise or the Registrar, as the case may be, requiring the Department or the Registrar to strike the company off the register.

(3) If, in the accounting period next following that specified in subsection (2), the Assessor is again not satisfied that the relevant sector company meets the substance requirements, the Assessor shall in the case of a relevant sector company, other than a high risk IP company, —

(a) again disclose information in the manner set out in section 80H; and

(b) issue a notice to the company, the contents of which shall include notification that the Assessor may serve notice on the Department for Enterprise or the Registrar, as the case may be, requiring the Department or the Registrar to strike the company off the register.

(4) If, in any accounting period following an accounting period for which the Assessor has issued a notice to a high risk IP company under (2)(b) or to a relevant sector company other than a high risk IP company under
(3)(b), the Assessor is still not satisfied that the relevant sector company meets the substance requirements, the Assessor shall in all cases —

(a) again disclose information in the manner set out in section 80H; and

(b) issue a notice to the company, the contents of which shall include notification that —

(i) the company is liable to an additional civil penalty of £100,000; and

(ii) the Assessor may serve notice on the Department for Enterprise or the Registrar, as the case may be, requiring the Department or the Registrar to strike the company off the register.

(5) In the case of a relevant sector company that is not incorporated in the Island, references in subsection (1), (2), (3) or (4) to the power to serve notice on the Department for Enterprise or the Registrar requiring a company to be struck off the register, shall be construed as the power to notify the tax administration in the company’s jurisdiction of incorporation, of the company’s failure to comply with this Part.

80J Avoidance

(1) If it appears to the Assessor that in any accounting period a corporate taxpayer has acted so as to avoid or seek to avoid the application of this Part, the Assessor may —

(a) disclose to a foreign tax official, under and in accordance with the articles on spontaneous exchange of information in an international arrangement, any relevant information provided to the Assessor which relates to that corporate taxpayer; and

(b) issue a notice to the company, the contents of which shall include notification that the corporate taxpayer shall be liable to a civil penalty of £10,000.

(2) A person who fraudulently avoids or seeks to avoid the application of this Part commits an offence and is liable —

(a) on conviction on information, to custody for a term not exceeding 7 years, a fine or both; or

(b) on summary conviction —

(i) to custody for a term not exceeding 6 months;

(ii) a fine not exceeding level 5 on the standard scale; or

(iii) both.

(3) Where a person commits an offence under subsection (2), the Assessor may disclose to a foreign tax official, under and in accordance with the articles on spontaneous exchange of information in an international
arrangement, any relevant information provided to the Assessor which relates to the relevant sector company.453

80K Appeals

(1) An appeal shall lie to the Commissioners (see section 88 (Income Tax Commissioners)) with respect to —

(a) a decision of the Assessor under any of the following sections —

(i) 80F(3);
(ii) 80I; or
(iii) 80J(1),

and on appeal the Commissioners may confirm or reverse the decision; and

(b) any liability to a penalty under this Part and on an appeal the Commissioners may confirm, vary or reverse the penalty.

(2) The procedure with respect to an appeal under subsection (1) shall, with the necessary modifications, be the same as that for an appeal against an assessment.

(3) Despite subsection (2), on an appeal under —

(a) subsection (1)(a)(i) or (ii) it is for the appellant to prove that it does have adequate substance in the Island; and

(b) subsection (1)(a)(iii) it is for the appellant to prove that it is not a relevant sector company or that it has not acted so as to avoid or seek to avoid the application of this Part to that company.454

80L Substance requirements: civil penalties general

(1) Where a company is liable to a penalty under this Part, the Assessor or, on appeal, the Commissioners may reduce the penalty to such amount (including nil) as the Assessor or the Commissioners think proper.

(2) The Commissioners may cancel the whole or any part of a reduction made by the Assessor under subsection (1).

(3) In exercising their powers under this section, the Assessor and the Commissioners shall not take into account —

(a) the insufficiency of the funds available to any person for paying the amount of penalty; or

(b) the fact that the company liable to the penalty or a person acting on that taxpayer’s behalf has acted in good faith.455

80M Guidance

(1) The Assessor may issue guidance about any of the provisions in this Part.
(2) Regard must be had to guidance issued under subsection (1) in interpreting this Part.

(3) The Assessor may revise guidance issued under subsection (1) and a reference to guidance includes a reference to revised guidance.

(4) Guidance issued under subsection (1) must be published by the Assessor in a manner the Assessor considers will bring it to the attention of those likely to be affected by it.456

80N Amendments by order

(1) The Treasury may, by order, amend —
   (a) the definitions in section 80B;
   (b) section 80C;
   (c) section 80D;
   (d) section 80E; and
   (e) any other provision of this Part, in order to comply with the recommendations or standards of the Code of Conduct Group (Business Taxation) established on 9 March 1998 (in accordance with a resolution of the European Council dated 1 December 1997 on a code of conduct for business taxation) or any other international standard.

Tynwald procedure — approval required.

(2) An order under subsection (1) may include such consequential, incidental, transitory, transitional or supplemental provision, including amendment to other provisions of this Act as may appear to the Treasury to be necessary or expedient in consequence of or in connection with the amendment of this Part.457

PART 7 - ASSESSMENT OF INCOME458

81 Basis of assessment, etc for corporate taxpayers

(1) Income tax shall, in accordance with this Act, be assessed and charged on the income of corporate taxpayers received or accrued in any year of assessment but assessments to income tax will be made on corporate taxpayers by reference to accounting periods.

(2) The amount of income tax chargeable on a corporate taxpayer (after making all proper deductions) on income received or accrued in an accounting period will, where necessary, be apportioned between the years of assessment in which the accounting period falls.

(3) In any year of assessment, assessments for accounting periods of a corporate taxpayer falling wholly or partly in that year or in the
preceding year may, although income tax has not at the time been charged for the year in question, charge tax for so much of the period as falls within that year according to the rate of tax last determined.

(4) Where any charge under subsection (3) is subject to later necessary adjustment it may be by discharge or repayment of tax or by further assessment.

(5) If the Treasury makes an order determining the rate of income tax in respect of corporate taxpayers for any year of assessment, any subsequent assessment to tax made under this section may be made in accordance with the order.\textsuperscript{459}

81A Assessment of income tax: non-corporate taxpayers

Subject to section 2C of this Act, the Assessor shall, in respect of each year of assessment assess the income of every non-corporate taxpayer chargeable with income tax on the amount of income received or accrued in that year or in any part of that year.\textsuperscript{460}

81B Accounting periods for trading profits

(1) The Treasury may make regulations to provide for the trading profits of a non-corporate taxpayer to be assessed by reference to the accounting period relating to such trade.

(2) Without prejudice to the generality of the power in subsection (1), regulations may include provision —

(a) for the determination of the beginning and the end of accounting periods;
(b) for the treatment to be applied to the commencement or cessation of the trade;
(c) for circumstances where more than one trade is carried on by a non-corporate taxpayer, each with a different accounting period;
(d) for the treatment to be applied to income or losses not otherwise falling within an accounting period.

(3) Regulations under this section shall be laid before Tynwald as soon as practicable after they are made, and if Tynwald at the sitting at which the regulations are laid or at the next following sitting resolves that they shall be annulled, they shall cease to have effect.\textsuperscript{461}

82 Assessment list

[1946/66]

The Assessor shall prepare in every year in which income tax is payable, in the manner hereinafter in this Act provided, an income tax assessment list (hereinafter in this Act called “the assessment list”), showing the amount at
which the income of each person has been assessed and the names and addresses of such persons.

83 Assessment on accepted returns

If the Assessor is satisfied that any return is a true and correct return, he shall assess the income of the person whose income is shown in such return at the amount so shown.

83A Current year assessments

(1) Where income tax is charged for a year of assessment in respect of income arising in that year, the Assessor may make an assessment during that year to the best of his judgement, by reference to actual income or estimated income (whether from any particular source or generally) or partly by reference to one and partly by reference to the other.

(2) Where an assessment is made by virtue of subsection (1), any necessary adjustments shall be made after the end of the tax year (whether by way of assessment, repayment of tax or otherwise) to secure that tax is charged in respect of income actually arising in the year.

A84 Enquiries into returns: corporate taxpayers

(1) In respect of a return of a corporate taxpayer, the Assessor may enquire into the return and exercise the powers conferred by section 84 if the Assessor gives written notice of enquiry to the corporate taxpayer within the time allowed.

(2) In this section, “the time allowed” is the period of 12 months starting from —
   (a) the date on which the return is delivered to the Assessor;
   (b) the date on which a notice of amendment is given under subsection (4),
whichever is the later.

(3) An enquiry under this section may be undertaken and the powers conferred by section 84 may be exercised in respect of a corporate taxpayer at any time after the notice of enquiry has been given.

(4) A corporate taxpayer may amend its tax return by giving written notice to the Assessor within the time allowed and the notice must contain such information and be accompanied by such statements and documents as the Assessor may require.
Verification of returns: general powers

(1) The Assessor may require any person to produce such information or documents —
   (a) in support of a return or anything contained in a return;
   (b) about things that the Assessor believes should be included in the return;
   (c) about tax payable by, or any liability to tax on the part of, the corporate taxpayer for other accounting periods;
   (d) about tax payable by, or any liability to tax on the part of, other corporate taxpayers for any accounting periods;
   (e) about claims, reliefs or elections,
as the Assessor may require.

(2) If the Assessor is not satisfied with the return made by any person, or a person fails to produce the information or documents required, or the Assessor is not satisfied with anything that has been furnished, the Assessor shall make an assessment on the person concerned in such sum as, according to the best of the Assessor’s judgment, ought to be charged on that person.

(3) This section is subject to section 84A and does not affect any other powers in the Income Tax Acts for the production of information or documents.

(4) Where any person is required to produce information or documents to the Assessor under this section, that person shall be guilty of an offence if —
   (a) that person fails without reasonable cause to comply with the requirement; or
   (b) in producing the information which is required —
      (i) makes any statement knowing it to be false in a material particular; or
      (ii) recklessly makes any statement which is false in a material particular;
   (c) in producing a document which is required —
      (i) produces a document knowing it to be false in a material particular; or
      (ii) recklessly produces a document which is false in a material particular.

(5) A person guilty of an offence under this section shall be liable on summary conviction to custody for a term not exceeding 6 months or to a fine not exceeding £5,000 or to both.464
84 Verification of returns and assessment where return not accepted
[1946/69]

(1) The Assessor may require any person to appear before him to verify on oath the statements contained in his return or to produce such oral and documentary evidence in support of his return for the information of the Assessor as the Assessor may require.

(2) If the Assessor is not satisfied with the return made by any person, or the person fails to appear before him, or fails to produce the evidence required, or the Assessor is not satisfied with the evidence which has been furnished, the Assessor shall make an assessment on the person concerned in such sum as, according to the best of his judgment, ought to be charged on him.

(3) The Assessor is hereby empowered to administer oaths for the purposes of this section.

84A Additional assessments
[P1970/9/29(3)]

(1) If the Assessor discovers —

(a) that any income which ought to have been assessed to tax has not been assessed; or

(b) that any assessment to tax is or has become insufficient; or

(c) that any relief which has been given is or has become excessive,
the Assessor may make an additional assessment in the amount, or the further amount, which ought in his opinion to be charged.

(2) Subject to subsection (3) below, an additional assessment may be made under subsection (1) above at any time —

(a) in the case of a corporate taxpayer, not later than 4 years after the end of the accounting period or, as the case may be, the accounting period to which the assessment relates; or

(b) in the case of a non-corporate taxpayer, not later than 6 years after the end of the year of assessment to which the assessment relates.465

(3) Where any form of dishonesty or negligence has been committed by or on behalf of any person in connection with or in relation to tax, assessments on that person to tax may be made —

(a) in the case of a corporate taxpayer, at any time not later than 12 years after the end of the accounting period to which the assessment relates; or

(b) in the case of a non-corporate taxpayer, at any time.466 467
85 Notice of assessment

[1946/70]

It shall be the duty of the Assessor to send to each person liable to pay income tax a statement showing the amount of income in respect of which income tax is payable, the allowances and deductions made to such person, and the rate and the amount of income tax payable, and the date as on which such tax became due and payable.

86 Assessment in default

(1) Where for any year a return in respect of the income of any person required by this Act to make and deliver a return, has not been made and delivered by such person, or any person on his behalf, within the time limited by or under the provisions of this Act, the Assessor may make an assessment (in this section referred to as “an assessment in default”) to the best of his judgment of the income of such first mentioned person for —

(a) the year preceding the year in respect of which the default was made; or

(b) if appropriate, the year of assessment in respect of which the default was made.

(2) Any person who is assessed under subsection (1) above may within 6 years from the end of the year of assessment in respect of which the assessment in default was made make and deliver the return of his income for the year in respect of which the assessment in default was made.\(^{468}\)

(3) to (5) [Repealed]\(^{469}\)

(6) Subject to the following provisions of this section, an assessment under subsection (1) shall be treated by the Assessor as being final and conclusive and he shall enter such assessment in the assessment list or supplementary list, as the case may require, and payment of income tax shall be made on such assessment.\(^{470}\)

(7) Where a return of income is made and delivered within the extension of time granted under this section, the income of the taxpayer shall be assessed thereon in accordance with this Act and the assessment under subsection (1) above which it replaces shall cease to have effect.\(^{471}\)

(8) An assessment under subsection (7) above shall be deemed to have become due and payable on the same date as the assessment under subsection (1) above which it replaces.\(^{472}\)

(8A) Where a taxpayer has paid more in respect of an assessment under subsection (1) above than is payable under the assessment under subsection (7) above which replaces it, the Assessor shall, after taking
account of such interest as may be due under section 111A of this Act,
repay the difference to the taxpayer.473

(9) Nothing in this section shall be construed so as to affect the duty of any
person to make and deliver a return in the time and manner required by
any other provision of this Act.

(10) This section does not apply in respect of corporate taxpayers.474 475

86A Assessment in default: corporate taxpayers

(1) Where for any accounting period a return in respect of the income of any
corporate taxpayer has not been filed within the time limited by or under
the provisions of this Act, the Assessor may make an assessment (in this
section referred to as “an assessment in default”) to the best of the
Assessor’s judgment of the income of the corporate taxpayer for the
accounting period in respect of which the default was made.

(2) Any corporate taxpayer who is assessed under subsection (1) may,
within 4 years from the end of the accounting period in respect of which
the assessment in default was made, file the return of income for the
period in respect of which the assessment in default was made.476

(3) Subject to the following provisions of this section, an assessment under
subsection (1) shall be treated by the Assessor as being final and
conclusive and such assessment shall be entered in the assessment list or
supplementary list, as the case may require, and payment of income tax
shall be made on such assessment.

(4) Where a return of income is made and delivered within the extension of
time granted under this section, the income of the corporate taxpayer
shall be assessed thereon in accordance with this Act and the assessment
under subsection (1) which it replaces shall cease to have effect.

(5) An assessment under subsection (1) or (4) shall be deemed to have
become due and payable on the date on which income tax should have
been paid under section 96 of this Act.

(6) Where a corporate taxpayer has paid more in respect of an assessment
under subsection (1) than is payable under the assessment under
subsection (4) which replaces it, the Assessor shall, after taking account
of such assessments to income tax or any other amounts that are due and
payable by the taxpayer under the Income Tax Acts, repay the difference
to the corporate taxpayer.

(7) Nothing in this section shall be construed so as to affect the duty of any
person to make and deliver a return in the time and manner required by
any other provision of this Act.477
87  **Aggrieved person may contest assessment**  
[1958/3]

(1) A person aggrieved by any assessment (other than an assessment in default under section 86 of this Act) upon him by the Assessor may contest the assessment by notice in writing delivered to the Assessor within thirty days after the date of the service of the notice of assessment, stating the grounds of his objection.\textsuperscript{478}

(2) If it is shown to the satisfaction of the Chairman of the Commissioners that owing to absence, sickness, or other reasonable cause any person has been prevented from giving notice contesting the assessment within the time limited as aforesaid, the Chairman of the Commissioners shall have power to extend the time appointed by the last foregoing subsection upon such terms as the justice of the case may require, and any such extension may be ordered although the application for the same is not made until after the expiration of the time appointed.

(3) If notice is not given within the time limited, or extended by the Chairman of the Commissioners, the assessment shall become final and conclusive.

(4) The Assessor shall be entitled to adjust an assessment by agreement with the person assessed without the necessity of formal appeal.

**Notice to Commissioners**  
[1946/69(5)]

(5) If an assessment is contested and is not adjusted by agreement, the Assessor shall give notice thereof to the Commissioners; and if the Assessor shall fail to give such notice the person contesting, or his representative, shall give it, and the Commissioners shall have power to determine such assessment, subject to appeal under section ninety of this Act to the Staff of Government Division.

(6) Unless subsection (7) applies, a person —

(a) giving notice under subsection (5); or

(b) in respect of whom notice is given under subsection (5) by either the Assessor or the person’s representative,

must simultaneously pay over to the Assessor the full amount demanded in the assessment or such portion of it as remains outstanding, as the case may be.\textsuperscript{479}

(7) The Commissioners may, in exceptional circumstances, determine that in a particular case the person to whom the assessment relates need not pay the amount demanded in the assessment at the time the notice is given under subsection (5), and if the Commissioners so determine they shall so notify the person in writing.\textsuperscript{480}

(8) If the assessment is —
(a) determined by the Commissioners under subsection (5); or
(b) amended at the direction of the Staff of Government Division under section 90(5) (Appeal from decision of Commissioners to Staff of Government Division),

any refund due to the person shall be paid as soon as is reasonably practicable.481

88 Income Tax Commissioners
[1946/72 amended by 1960/3]
(1) There shall continue to be a tribunal called the Isle of Man Income Tax Commissioners (in this Act referred to as “the Commissioners”).482

(2) The Commissioners shall consist of —
(a) a chairman;
(b) a deputy-chairman, who shall —
(i) be a barrister, advocate or solicitor, in each case of not less than 7 years’ standing;
(ii) be appointed for the purpose by the chairman, from among the eight other commissioners to be appointed in accordance with paragraph (c); and
(iii) be responsible for performing the functions of the chairman on all occasions when the chairman is unavailable and the deputy-chairman is available; and
(c) eight other commissioners, also appointed by the Appointments Commission.483

(3) No person who is an officer, or in the preceding 3 years has been an officer, of any Department dealing with income tax shall be eligible to be a member of the Commissioners.484

(4) [Repealed]485

(5) and (6) [Repealed]486

(7) A Commissioner shall continue to act until his successor is appointed.

(8) and (9) [Repealed]487

(10) The Commissioners shall, if an audio recording of the proceedings is not being made, keep Minutes of their proceedings and any Minute made of proceedings at sittings of the Commissioners, if signed by the Chairman of the Commissioners or by any person purporting to be the Chairman, either at the sitting of the Commissioners at which such proceedings took place or at the next ensuing sitting of the Commissioners, shall be receivable in evidence in all legal proceedings, without further proof; and, until the contrary is proved, every sitting of the Commissioners in
respect of the proceedings of which minutes have been so made shall be deemed to have been duly convened and held.\textsuperscript{488}

(11) The Commissioners shall meet from time to time for the dispatch of business.\textsuperscript{489}

(12) [Repealed]\textsuperscript{490}

(13) Not less than three Commissioners shall attend at the hearing of any case.

(14) The opinion of the Chairman upon any question which in the opinion of the Commissioners is a question of law, shall prevail.

(15) Save as provided by this Act, an order or proceeding of the Commissioners shall not be questioned or reviewed, and shall not be restrained or removed by petition of doleance, injunction or otherwise, either at the instance of the Crown or otherwise.\textsuperscript{491}

(16) Save as aforesaid every question shall be decided by a majority of votes of the Commissioners present and voting on that question.

(17) Where, pursuant to subsection (10), minutes of the proceedings at a sitting of the Commissioners are required to be kept on account of no audio recording being made of said proceedings, the names of the Commissioners present at the sitting shall be recorded in the minutes.\textsuperscript{492}

(18) For the purposes of this section “a case” means any objection to an assessment which has not been disposed of by agreement, and which has been notified to the Commissioners under the provisions of subsection (5) of section eighty-seven of this Act.

(19) [Repealed]\textsuperscript{493}

(20) For the purpose of settling objections to assessments which have not been disposed of by agreement, the Commissioners shall sit at such time and place in the town of Douglas or elsewhere as they shall think fit. The Commissioners shall sit in Chambers.

(21) The Commissioners shall give twenty-eight days’ notice of the time and place of such sitting in the prescribed form to the persons whose objections are to be heard.\textsuperscript{494}

(22) The Commissioners may adjourn a sitting from day to day or to any day or place as they shall think fit; and, except in the case of adjournment from day to day, the Commissioners shall give notice in writing of the time and place of every adjourned sitting to the persons whose objections will be considered at such sitting.

(23) Commissioners who have given their consent under section 105E(8) in respect of a particular taxpayer shall be disqualified for appointment to hear an appeal by that taxpayer against any assessment or matter that arises out of the circumstances to which that consent applied.\textsuperscript{495}
(24) The Treasury, after consultation with the chairman, may make regulations generally for the purpose of prescribing the practice and procedure of the Commissioners. 496

(25) Without limiting subsection (24), regulations —

(a) may make provision —

(i) with respect to the period within which and the manner in which proceedings before the Commissioners may be commenced;

(ii) with respect to the parties to such proceedings, and for the giving of notice of such proceedings;

(iii) for the burden of proof in such proceedings;

(iv) for the summoning of witnesses and the administration of oaths;

(v) for securing the production of documents and other records (including records held on a computer);

(vi) for conducting such proceedings in the absence of a party;

(vii) for prescribing the quorum of sittings of the Commissioners;

(viii) for determining such proceedings without a hearing;

(ix) for enabling any matter preliminary or incidental to such proceedings to be dealt with by the chairman;

(x) for the awarding of costs, and for taxing or otherwise settling any such costs (and in particular for enabling such costs to be taxed in the High Court);

(xi) for the registration and proof of decisions and orders of the Commissioners;

(xii) for the publication of reports of the Commissioners’ decisions;

(xiii) for the enforcement of summonses and orders of the Commissioners by the High Court; or

(xiv) for conferring on the Commissioners such ancillary powers as the Treasury, with the agreement of the Council of Ministers, thinks necessary for the proper discharge of its functions; and

(b) shall provide for proceedings of the Commissioners to be conducted in public unless —

(i) the proceedings relate to a matter of national security; or

(ii) the Commissioners in their absolute discretion decide that their proceedings shall be conducted wholly or partly in private. 497
89  Procedure at sittings of Commissioners

[1946/73]

(1) At any such sitting of the Commissioners as aforesaid the Commissioners shall hear the Assessor, or any person on his behalf, and any person contesting an assessment or his representative authorised in writing by him, and the evidence on oath of any witness or witnesses he may produce. The Commissioners may require any person contesting an assessment or his representative as aforesaid to give evidence on oath, to verify on oath any written statement by him and to produce for the information of the Commissioners all books of account or other documents.

Commissioners may summon witnesses

[1946/73]

(2) It shall be lawful for the Commissioners to summon, in the prescribed form, any person, except the person making the return and the person in respect of whose income the return was made, whom they may think able to give evidence respecting the assessment to be made, and to examine all such persons on oath. Such summons shall be served by delivering a copy thereof to the person named therein or by leaving the same with some person at his usual or last known place of abode, three clear days before the day named in the summons for his appearance. Any witness who attends in obedience to such summons shall be entitled to a daily allowance at the rate prescribed for the time being in respect of witnesses in cases in the courts of the Isle of Man.

(3) If any person so summoned fails to appear or refuses to be sworn, and if any person so summoned or any witness at such sitting, except the clerk, agent, or servant of the person whose income is being assessed, or other person entrusted or employed in the affairs of such person being sworn, refuses to answer any question put to him by the Commissioners, he shall be guilty of an offence against this Act. At the trial of any person so summoned as aforesaid for an offence under this section, proof of the service of such summons may be by affidavit of the person serving it.

(4) In default of appearance of the person contesting the assessment or his representative authorised in writing by him, or after considering the evidence, oral and documentary, produced as aforesaid, the Commissioners may confirm or amend the assessment according to the best of their judgment and shall give notice in writing of the confirmation or amendment of the assessment.

If notice of appeal is not given against such determination it shall thereupon be final and conclusive.

(5) The Chairman of the Commissioners or the Commissioner who is acting as Chairman of the sitting is hereby empowered to administer oaths to parties and witnesses at the hearing of any such contestation.
90 Appeal from decision of Commissioners to Staff of Government Division

[1946/74]

(1) No appeal shall lie from the Commissioners upon a question of fact.

(2) Save as aforesaid, the person contesting or his representative, shall be at liberty to appeal from the determination of the Commissioners to the Staff of Government Division upon giving to the Assessor written notice of appeal within twenty-one days from the time of the service of notice of such final assessment. The Assessor shall be at liberty to appeal from the determination of the Commissioners to the Staff of Government Division upon giving the person contesting written notice of appeal within twenty-one days from the time of the service of notice of such final assessment.

(3) Upon receiving or giving such notice of appeal, as the case may be, the Assessor shall forthwith leave notice in writing at the General Registry that notice of appeal has been given as aforesaid, and such appeal shall be heard and determined by the Staff of Government Division. Such appeal may be brought on by petition presented by the Assessor or the other party appealing, and the proceedings at such hearing shall be according to the ordinary practice of the Court, and be subject to appeal as in the case of other judgments delivered by such Court.

(4) On the hearing of an appeal the Staff of Government Division may draw all such inferences as are not inconsistent with the facts expressly found and are necessary for determining the question of law, and shall have all such powers for that purpose as if the appeal were an appeal from any judgment or order of any other division of the High Court, and may make any order which the Commissioners could have made, and also any such further or other order as may be just, and the costs of and incidental to an appeal shall be in the discretion of the Staff of Government Division but no Commissioner shall be liable to any costs by reason or in respect of any appeal.

(5) The Staff of Government Division shall certify their determination to the Assessor with a direction to him to make such amendment of the assessment as may be necessary, and the assessment so amended or confirmed shall be final and conclusive, subject to such further appeal as may be made according to law.

91 Perjury before Staff of Government Division or Commissioners

[1946/75]

Any person who, in any written or oral statement made or verified by him upon oath before the Staff of Government Division or the Commissioners in any proceeding relating to the assessment of the income of any person, or in any affidavit or oral statement on oath as to the means of a person contesting an assessment in any proceedings before a Court, states anything which he knows
to be false or which he has not reason to believe to be true, shall be liable, at the
suit of the Assessor, on summary conviction, to a fine not exceeding £5,000 and,
in default of payment, to imprisonment for a period not exceeding six months.

92  Entries in assessment list
[1946/76]

(1) The Assessor shall enter in the assessment list or the supplementary
assessment lists, the assessments made by him and shall amend them in
accordance with the determination of the Commissioners in the case of
contested assessments, or in accordance with the decision of the Staff of
Government Division on appeal from the Commissioners.498

(2) [Repealed]499

(3) The assessments appearing in the assessment list and supplementary
assessment list shall for all purposes be deemed to be correct and
conclusive, and payments of income tax shall be made on such
assessments.

PART 8 - PAYMENT OF TAX500

93  [Repealed]501

94  Tax payable in money or stamps
[1946/79; 1946/99(2)]

(1) The income tax shall be collected either in money or by means of stamps,
or partly in one way and partly in the other, according as may from time
to time be directed by regulations made as hereinafter provided.

(2) The Treasury may cause to be prepared and issued any stamps which
may be required for the purposes of this Act.502

95  Power to Treasury to make regulations
[1946/80; 1946/100 and 114]

(1) The Treasury may, from time to time (subject to provisions of this Act),
make, and when made, revoke, alter, or add to, regulations for all or any
of the following purposes, that is to say —

(a) Regulating in what manner, and whether in money or by means
of stamps, the income tax payable under this Act shall be
collected, accounted for, and paid over, and where the duties are
to be collected in money the order shall regulate the manner in
which the payment of the tax is to be authentically denoted by
receipt;
(b) Determining the sort of stamps to be used, and the way in which, the time when, and the person by whom the stamps are to be cancelled.\textsuperscript{503}

(2) Such regulations shall be subject to the approval of Tynwald and shall be filed in the General Registry, and shall be published in two newspapers published and circulating within the Isle of Man. Such regulations shall come into operation on the date of such publication, or on any later date named in the regulations, and, upon coming into operation, shall be as binding as if enacted in this Act.

(3) The Treasury may also make regulations for the better carrying out of the provisions of this Act and may prescribe anything by this Act authorised to be prescribed.\textsuperscript{504}

95A \textbf{Forms}

Without prejudice to sections 71(2) and 72(2), forms to be used for the purposes of this Act shall be such as may be approved by the Assessor.\textsuperscript{505}

96 \textbf{Time for payment of tax by corporate taxpayers}

(1) Income tax due by a corporate taxpayer for an accounting period is due and payable on the day following the expiry of 12 months from the end of that accounting period whether or not a notice of assessment is issued and if a notice is issued no matter when it is issued.

(2) If income tax for an accounting period of a corporate taxpayer is due under subsection (1) without the making of an assessment —

(a) the amount shown in a return by the corporate taxpayer under section A66 as the income tax due and payable for the period will be treated for the purposes of the Income Tax Acts as tax charged and due and payable under an assessment on the corporate taxpayer; and

(b) references in the Income Tax Acts to assessed and assessment shall be construed accordingly.\textsuperscript{506}

96A \textbf{Date when tax is payable}

(1) This section applies in respect of all non-corporate taxpayers.

(2) Subject to section 96B, income tax in respect of a year of assessment shall be due and payable —

(a) where a person dies or ceases to be regarded as resident in the Island, 30 days after the date of the assessment, and

(b) in other cases, on 6 January in the year next following that year.

(3) Income tax due and payable under this section shall be paid to the Assessor.\textsuperscript{507}
96B  Payment on account of income tax

(1)  This section applies to non-corporate taxpayers as regards each year of assessment.

(2)  Every non-corporate taxpayer shall make a payment on account of his liability to income tax for a year of assessment —

(a)  on or before 6 January in that year, or

(b)  if the Notice under subsection (4) is served after the 6 December in that year, before the end of the period of thirty days beginning with the day on which the Notice was given to the non-corporate taxpayer.

(3)  The amount falling to be paid on account of tax shall be calculated in accordance with subsections (5) to (7).

(4)  The Assessor shall give a payment on account notice (“the Notice”) to each non-corporate taxpayer to whom this section applies and the Notice shall specify the amount falling to be paid on account of tax.

(5)  Subject to subsection (7), if a non-corporate taxpayer was liable to pay income tax under this Act in respect of income for the whole of the year of assessment immediately preceding the year to which the payment applies (“the preceding year”), the amount falling to be paid on account shall be 105% of the amount of tax due and payable in the preceding year.

(6)  Subject to subsection (7), where subsection (5) does not apply, the amount falling to be paid on account shall be such amount as the Assessor estimates (to the best of his judgment) would have fallen to be paid if the non-corporate taxpayer had been liable to pay income tax under this Act for the whole of the preceding year.

(7)  In calculating the amount falling to be paid on account, the Assessor shall take into account income tax deducted, or to be deducted, at source and amounts otherwise standing to the credit of the non-corporate taxpayer.

(8)  Section 119 (power of Tynwald to vary rates of allowances, etc by resolution) shall apply in respect of the percentage under subsection (5) as it applies in respect of the power to vary any sum of money specified in this Act.\(^{508}\)

96C  Section 96B: supplementary

(1)  A non-corporate taxpayer to whom is given a notice of estimated payment on account under section 96B(6) shall be entitled to appeal to the Commissioners on the ground that the amount falling to be paid under the notice is not a fair and reasonable estimate.
(2) Subject to subsection (3), the provisions of the Income Tax Acts relating to appeals against an assessment apply to an appeal under subsection (1).

(3) An appeal under subsection (1) shall be made by written notice stating the grounds for the appeal and given to the Assessor before the end of the period of 30 days beginning with the day on which the notice was given to the appellant.

(4) The provisions of the Income Tax Acts as to the recovery of income tax shall apply to an amount falling to be paid on account of tax in the same manner as they apply to an amount of tax.

(5) In section 96B any reference to income tax deducted at source is a reference to income tax deducted or treated as deducted from any income or treated as paid on any income.509

97 Tax a first charge in favour of the Crown
[1946/82]
Until paid, income tax shall be a preference debt due to the Crown.510

98 Notice to tax defaulters
[1946/83]
The Assessor may, on or before the first day of April in each year, or as soon thereafter as practicable, cause to be published in two newspapers, published and circulating in the Isle of Man, a notice to the effect that legal proceedings will be taken for the recovery of all income tax which may after the fifteenth day of April still remain unpaid:

Provided that no notice that any such proceedings will be taken shall be necessary, whether by such publication or otherwise.511

98A Distrain for overdue tax

(1) If a person neglects or refuses to pay any tax charged by any assessment to tax under the Income Tax Acts within 31 days after the date on which the tax becomes due and payable, the Assessor may by notice in writing require that person to pay such tax within 14 days of the delivery of the notice.512

(2) A notice issued under subsection (1) above shall be served in accordance with section 116 of this Act.

(3) In subsection (1) above, the words “tax charged by any assessment to tax” shall include —

(a) an amount assessed and charged under section 111 of this Act;
(b) an amount of interest due and payable under sections 111A and 111B.513
(4) If the person on whom notice is served does not pay the sum due within the said period of 14 days, the Assessor may issue to the appropriate Coroner a warrant in the form specified in Schedule 1A to this Act. \(^{514}\)

(5) A warrant issued under this section shall be enforceable in the same manner as an execution of the High Court.

(6) Without prejudice to the generality of subsection (5) above, sections 13 to 14A of, and Schedules I to 2A to the *Administration of Justice Act 1981* shall apply, with the necessary modifications, to the enforcement of a warrant issued under this section as they apply to the enforcement of an execution of the High Court.

(7) This section is without prejudice to any other remedy available for the recovery of unpaid tax. \(^{515}\)

### 98B Power to set aside warrants

(1) Where the Chief Registrar is, on the application of a person named in a warrant issued under section 98A(4) of this Act, satisfied that —

(a) the sum due under the warrant has been paid in full; or

(b) the notice issued under subsection (1) of that section was not served in the manner required by subsection (2) of that section; or

(c) there is an error on the face of the warrant,

the Chief Registrar may, on such terms as he thinks fit, set aside the warrant.

(2) If, on application under this section, the Chief Registrar is satisfied that there is an error on the face of the warrant, but that the applicant is not prejudiced thereby, he may dismiss the application on such terms as he thinks fit.

(3) Whenever the Chief Registrar entertains a doubt as to any question of law arising in the course of any application under this section, he may refer the question to the Chairman of the Commissioners for his opinion.

(4) An application under this section shall be made in writing to the Chief Registrar within 14 days of the date on which the warrant first came to the notice of the applicant and on receipt of the application the Chief Registrar shall stay the enforcement of the warrant and shall give notice to the Assessor forthwith.

(5) The application shall be in such form and contain such information as the Chief Registrar may require.

(6) The Chief Registrar may adopt any method of procedure which he may consider to be convenient and to afford a fair and equal opportunity to the applicant and the Assessor to present their respective cases.

(7) An application under this section may be determined without a hearing but where a hearing is held it shall be informal and in private.
(8) A decision of the Chief Registrar to set aside a warrant shall not prejudice any assessment of tax under the Income Tax Acts.\textsuperscript{516}

(9) Where the Chief Registrar sets aside a warrant —

(a) the Assessor shall not be prevented, except in a case to which subsection (1)(a) of this section applies, from issuing a fresh warrant in place of that set aside;

(b) no person shall be liable for anything previously done in good faith under the warrant.\textsuperscript{517}

99 **Proceedings for recovery of tax**

(1) The Assessor shall institute such legal proceedings as may be necessary for the recovery of unpaid income tax.\textsuperscript{518}

(2) Proceedings for the recovery of income tax may be taken at any time after it becomes due and payable.\textsuperscript{519}

(3) Where the Assessor is satisfied that the amount or balance of any assessment is irrecoverable the Assessor may write it off with the consent of the Treasury.\textsuperscript{520}

(4) If the Assessor is satisfied that any amount or balance written off under subsection (3) has for any reason ceased to be irrecoverable, the Assessor may institute such legal proceedings as may be necessary for its recovery.

(5) Proceedings for the recovery of unpaid income tax may be conducted by —

(a) an officer of the Treasury (whether or not an advocate) who is authorised by the Assessor; or

(b) a person (whether or not an advocate) who is a member of the Attorney General’s Chambers and is authorised by, the Attorney General.\textsuperscript{521}

(6) A person authorised under subsection (5) shall have a right of audience in any court and, when acting in accordance with the authorisation, shall not be in contravention of any provision of the *Advocates Act 1976*, the *Legal Practitioners Registration Act 1986* or any other enactment relating to the provision of legal services or rights of audience.

(7) Where the amount or balance of any assessment —

(a) is written off under subsection (3); or

(b) having been written off, ceases to be irrecoverable under subsection (4),

the Assessor may make the necessary alterations to the assessment list or supplementary assessment list.\textsuperscript{522}
100 Assessor’s certificate evidence of taxes and charges in arrear

(1) For the purpose of recovering income tax, or any balance thereof, in any court, a certificate signed by the Assessor certifying that the person named in such certificate has made default in payment of the tax, shall be sufficient evidence of the sum for tax therein mentioned having been duly charged and assessed, and of the same being due and owing and in arrear and unpaid to the Crown.523

(2) A certificate under this section shall be deemed to be authentic, and no proof shall be required of the signature or of the official character of the person signing the same as Assessor.524

101 Error or mistake in assessment

[1946/86 amended by 1958/4]

Where any error, omission, or mistake has been made in the preparation or production of any first or supplementary assessment it shall be lawful for the Assessor to amend the same within six years from the end of the year of assessment, and the Assessor may make an additional assessment charging the person liable in respect of the amount represented by such error, omission, or mistake. The person so assessed shall be entitled to contest the additional assessment, and shall have the same right of appeal as in the case of a first assessment. This section does not apply in respect of corporate taxpayers.525

101A Error or mistake in assessment: corporate taxpayers

(1) Where, in respect of a corporate taxpayer, any error, omission, or mistake has been made in the preparation or production of any return or assessment in respect of an accounting period it shall be lawful for the Assessor to amend the same within 4 years from the end of the accounting period to which the return or, as the case may be, assessment relates.

(2) The Assessor may make an additional assessment charging the corporate taxpayer liable in respect of the amount represented by an error, omission, or mistake mentioned in subsection (1).

(3) The corporate taxpayer so assessed shall be entitled to contest the additional assessment, and shall have the same right of appeal as in the case of a first assessment.526

102 Late assessments

[1946/87]

If in any case the assessment of any income of a non-corporate taxpayer shall not be made in time to be included in the ordinary annual assessment list prepared under section eighty-two of this Act, the income tax payable on such income shall be deemed to be due and payable on or before the thirtieth day
after such assessment has been made, and thereupon all the provisions of this Act relating to the payment and recovery of income tax shall apply *mutatis mutandis*.527

103 Protection of officer when acting without malice
[1946/88]
No action or suit shall be brought against any person for any act done by him in pursuance of this Act unless thirty days’ previous notice in writing, which notice shall state fully the cause of such action or suit, shall be given by the person intending to bring such action or suit, nor unless such action or suit shall be commenced within two months next after the act or damage said to have been committed, nor unless it is expressly alleged in the declaration that such act was done maliciously and without reasonable and probable cause, and if the plaintiff fails to prove such allegation judgment shall be given for the defendant.

104 Application of income tax
The income tax payable under this Act shall form part of the general revenue of the Isle of Man.

**PART 9 – INTERNATIONAL ARRANGEMENTS**528

**DIVISION 1 – PRELIMINARY**

104A Definitions for Part
In this Part —

“*arrangement order*” has the meaning given under section 104B(1);

“*country*” includes territory and (to avoid doubt) also includes any area outside a country’s territorial waters within which a country’s rights with respect to the sea bed and subsoil and their natural resources are exercisable;

“*double tax arrangement*” means an arrangement to which the Government is a party made with a view to preventing the imposition of, or otherwise affording relief from, double taxation under both the Island’s laws and under a foreign law;

“*foreign tax official*” means an officer of a foreign country that is a party to an international arrangement, which officer is authorised under that country’s laws to administer or enforce its taxes;

“*international arrangement*” has the meaning given under section 104B(4);

“*Manx tax official*” means a person who holds an appointment mentioned in section 105 (Assessor and other officers);
“simultaneous tax examination” has the meaning given by the international arrangement in question;

“tax” means any type of taxation (whatever called) and includes —

(a) income tax;

(b) value added tax;

(c) an amount owing by way of a civil or criminal penalty, administrative cost or fine for, or for interest on, an unpaid tax debt;

(d) a tax outside the Island of a type for which there is no equivalent under the Island’s laws; and

(e) a duty;

“tax examination abroad” has the meaning given by the international arrangement; and

“taxpayer” includes a person whose tax position is being examined under the Island’s laws or foreign laws.\(^{529}\)

DIVISION 2 – DECLARATION OF ARRANGEMENT

104B Power to make declarations about arrangements

(1) The Council of Ministers may, by order (an “arrangement order”), declare that any or all of the following have been made with respect to the Island —

(a) a double tax arrangement;

(b) an intergovernmental arrangement about the exchange of information foreseeably relevant to taxes chargeable under the Island’s laws or foreign laws; or\(^{530}\)

(c) an intergovernmental arrangement about international tax enforcement;

(d) any regulation, directive, convention, code or standard in respect of taxation not falling within paragraph (a), (b) or (c);

and that the arrangement should have effect (to such extent as is specified in the order) as part of the law of the Island.

(2) The arrangement may be bilateral or multilateral.

(3) The order must specify the arrangement.

(4) An arrangement that is the subject of an arrangement order is an “international arrangement” for the purposes of this Part.

(5) In this section “international tax enforcement” means simultaneous tax examinations or tax examinations abroad.

(6) An order under this section must be approved by Tynwald before coming into operation.\(^{531}\)
104C Other matters for which an arrangement order may provide

(1) An arrangement order may also —
   (a) provide for any or all of the following matters —
      (i) the exchange of information foreseeably relevant to implementing an international arrangement;\(^532\)
      (ii) resolving questions or disputes about interpreting or applying an international arrangement;
      (iii) simultaneous tax examinations; or
      (iv) tax examinations abroad;
   (b) modify all or part of any of the following to implement or otherwise give effect to an international arrangement —
      (i) [Repealed]\(^533\)
      (ii) Part 13 (authorised officers: inspection and document powers); and
      (iii) any provision insofar as it contains a definition relevant to this Part;
   (c) include incidental, supplemental, transitional and saving provisions.

(2) If the order concerns a double tax arrangement, it may also provide for the attribution or adjustment of income, profits or gains for the taxes concerned.\(^534\)

104D Regulations to give effect to international arrangement

(1) The Treasury may make regulations for the purpose of giving effect to, or enabling effect to be given to, an international arrangement.

(2) The regulations may in particular —
   (a) authorise the Assessor to require persons specified for the purposes of this paragraph (“relevant financial entities”) to provide the Assessor with information of specified descriptions;
   (b) require the information in paragraph (a) to be provided at such times and in such form and manner as may be specified;
   (c) impose obligations on relevant financial entities;
   (d) make provision (including provision imposing penalties) about contravention of, or non-compliance with, the regulations;
   (e) make provision about appeals in relation to the imposition of any penalty.

(3) Regulations under subsection (2) may also contain incidental, supplemental, transitional, transitory or saving provisions (including provisions amending any enactment).
The power conferred by this section does not limit, and is not limited by, any other power conferred by or under any other enactment or document.

Regulations under this section must not come into operation unless they are approved by Tynwald.

104E Effect of international arrangement

(1) An international arrangement has effect despite any enactment or other document or any other rule of law.

(2) If an international arrangement authorises a Manx tax official to disclose particular information to a foreign tax official, no obligation of confidentiality (whether arising under an enactment or otherwise) prevents —
   (a) a Minister or a person performing functions for a Department from disclosing the information to the Manx tax official; or
   (b) the Manx tax official from making the disclosure under the arrangement.

(3) Subsection (2) is subject to Division 3.

DIVISION 3 – INFORMATION: RESTRICTIONS ON DISCLOSURE AND USE

104F Incoming information

A Manx tax official must not disclose or use information received from another country under an international arrangement, except, —
   (a) for tax purposes; or
   (b) for legal proceedings for a contravention of the Island’s tax laws; or
   (c) as otherwise permitted under the arrangement.

104G Outgoing information

(1) A Manx tax official must only disclose information, or authorise the use or further disclosure of information, in accordance with the international arrangement under which the information is provided.

(2) Information provided to the Assessor in pursuance of a requirement imposed under international arrangements may not be used in any criminal proceedings against the person who furnished it to the Assessor except proceedings for an offence of perjury or any similar offence.

104H Depositions for international arrangements

(1) This section applies if —
(a) another country (the “requesting country”) is a party to an international arrangement; and
(b) under the arrangement, the country has asked the Assessor to disclose information to it.

(2) The High Bailiff may, on the Assessor’s application, summon a stated person (the “witness”) to attend before the High Bailiff (the “hearing”) to —
(a) give on oath stated information, or information about a stated matter, relevant to the request; and
(b) produce a sworn deposition that —
   (i) exhibits any documented part of the information; and
   (ii) states the deposition is given in response to the summons.

(3) The High Bailiff has the same powers to secure the witness’s attendance as in proceedings before a court of summary jurisdiction.

(4) If the stated person is a body corporate or unincorporate, the body is taken to comply with the summons if an individual (also the “witness”) attends the hearing on its behalf and swears to be its duly authorised officer or representative.

(5) The witness —
(a) must bear the witness’s costs of attending the hearing;
(b) has the right to be represented at the hearing by an advocate; and
(c) is not compellable to give evidence that would not be compellable in criminal proceedings —
   (i) in a court of summary jurisdiction; or
   (ii) in the requesting country, if the witness’s claim to be exempt from giving the evidence has been conceded by a court, tribunal or authority from the requesting country.

(6) The High Bailiff may, at the Assessor’s request, adjourn the hearing from time to time.

(7) In this section, “information” includes documents and evidence.

104I Offence: unlawful disclosure of protected information

(1) This section applies if someone (the “witness”) has been summoned under section 104H.

(2) A person who unlawfully discloses any of the following information (“protected information”) commits an offence and is liable on summary conviction to custody for 6 months, a fine not exceeding £5,000, or both —
(a) any of the following facts —
that the relevant requesting country under section 104H(1) has asked the Assessor to disclose information to it;\textsuperscript{544} (i) that an investigation to which the request relates is being carried out; or (ii) that, under the request, information has been, is to be or may be, given to the requesting country; or (iii) documents, evidence, information or a matter ("prejudicial material") likely to prejudice the investigation or the performance of the Assessor's functions relating to it or under any international arrangement.\textsuperscript{545}

(3) However, subsection (2) does not apply to the Assessor or anyone performing functions for the Assessor.

(4) Protected information is unlawfully disclosed if the disclosure is to anyone except — (a) if the witness is not an individual, to an employee or officer of the witness and the disclosure is necessary to comply with the summons;\textsuperscript{546} (b) to a supervisory authority within the meaning of Part 3 of the Proceeds of Crime Act 2008, if the witness is a financial institution within the meaning of that Part;\textsuperscript{547} (c) to the Assessor or anyone performing functions for the Assessor; or\textsuperscript{548} (d) in compliance with the summons or as required by law.\textsuperscript{549}

(5) In a proceeding for an offence against subsection (2), it is a defence for the defendant to prove that — (a) all reasonable precautions were taken and all due diligence was exercised to avoid the commission of the offence by the defendant and everyone under the defendant's control; or (b) the protected information concerned is prejudicial material and the defendant did not know or reasonably suspect it was prejudicial material.\textsuperscript{550}

**PART 10 - ADMINISTRATION**\textsuperscript{551}

**105 Assessor and other officers**

(1) The following officers are to be appointed from time to time to administer this Act and perform functions or powers given to them under this or any other Act about taxes or duties — (a) the Assessor of Income Tax; (b) authorised officers; and
(c) such revenue officers, clerks and other persons as may be necessary for the purposes of this Act.

(2) The Assessor, or a deputy of the Assessor appointed under section 21 of the Interpretation Act 1976, may perform any or all of the functions of another officer under subsection (1). 552

105AA Authorised officers: appointment

(1) Authorised officers are to be appointed by the Assessor.

(2) The Assessor may appoint a person as an authorised officer only if the person is an employee of the Public Services Commission and has appropriate experience or qualifications to perform an authorised officer’s functions and any of the Assessor’s functions delegated under subsection (2A). 553

(2A) The Assessor may by instrument in writing (whether specific or general) delegate any of the Assessor’s functions to a person holding an appointment under subsection (2) and whom the Assessor is satisfied is competent to perform them. 554

(3) An authorised officer holds that office subject to any conditions —

(a) prescribed in or under regulations made by the Treasury; or

(b) contained in the officer’s notice of appointment or a notice in writing to the officer from the Assessor. 555

(4) Conditions under subsection (3) may limit the powers that would otherwise apply to the holder of the office. 556

(5) Nothing in this section affects any previous practice of the Assessor in relation to the Assessor’s delegation of powers. 557 558

105AB Authorised officers: identity cards

(1) The Assessor must give each authorised officer an identity card.

(2) The identity card must —

(a) contain a recent photograph of the authorised officer;

(b) contain the signature of the individual who authorised the issue of the card;

(c) identify the person as an authorised officer for this Act and any other Act under which authorised officers under this Act are given functions; and

(d) state an expiry date for the card, if required. 559
105AC Production or display of identity card

In exercising a power mentioned in section 105S(1) in relation to another person in that person's presence, an authorised officer must —

(a) produce the authorised officer’s identity card for the person’s inspection before exercising the power; or

(b) have the identity card displayed so it is clearly visible to the person while exercising the power.\(^{560}\)

105A Unlawful assumption of character of officer, etc

If, for the purpose of obtaining admission to any house or other place, or of doing or procuring to be done any act which he would not be entitled to do or procure to be done of his own authority, or for any other unlawful purpose, any person falsely assumes the name, designation or character of the Assessor or a person authorised by the Assessor he may be arrested and shall be guilty of an offence and shall be liable —

(a) on summary conviction, to a fine of £5,000, or to custody for a term not exceeding 3 months, or to both; or

(b) on conviction on information to a fine, or to custody for a term not exceeding 2 years, or to both.\(^{561}\)

105B [Repealed]\(^{562}\)

PART 11\(^d\) —INFORMATION AND EVIDENCE\(^{563}\)

105BB Regulations about record-keeping

(1) The Treasury may by regulations (“record-keeping regulations”) make such provision as appears to it to be appropriate about —

(a) the keeping of accounting records by persons to whom this section applies (“a relevant person”);

(b) the adequacy of such records, and their preservation;

(c) the production of such records and the duties of a relevant person in connection with their production (including the production of records kept outside the Island);

(d) penalties for the negligent or fraudulent furnishing of false or incorrect accounts or records;

(e) the imposition of fixed penalties by the Assessor for non-compliance with the regulations, not exceeding £2,500; and

\(^d\) See Part 12A for modifications of Parts 11 and 12 for international arrangements.
(f) appeals against fixed penalties imposed by virtue of paragraph
(e).

(2) Relevant persons are —

(a) non-corporate taxpayers;

(b) corporate taxpayers (other than foundations) and their officers;

(c) partners, in respect of a partnership of which they are members;

(d) trustees, in respect of trusts for which they are responsible; and

(e) for a foundation, its registered agent, enforcer and members of its
council.

Terms used in paragraph (e) have the same meaning there as they have

(3) Record-keeping regulations may make any provision that might be made
by an Act of Tynwald.

Accordingly, so far as is necessary or expedient in consequence of
provision made under subsection (1), they may —

(a) amend any Act of Tynwald, and

(b) modify, in its application to the Island, any Act of Parliament so
applied under an Act of Tynwald.

(4) Record-keeping regulations must be approved by Tynwald before
coming into operation.\(^{564}\)

105C Power to call for documents, etc of taxpayer

[PI970/9/20 and 20B in part]

(1) Subject to this section, the Assessor may by notice in writing require a
person —

(a) to deliver to him such documents as are in the person’s possession
or power and as (in the Assessor’s reasonable opinion) contain, or
may contain, information relevant to —

(i) any liability to income tax to which the person is or may be
subject, or

(ii) the amount of any such liability;

(b) to furnish to him such information as the Assessor may
reasonably require as being relevant to, or to the amount of, any
such liability; or\(^{565}\)

(c) to furnish to him such evidence as the Assessor may reasonably
require as being relevant to the person’s residence status for the
purposes of this Act.

(2) Before a notice is given to a person by the Assessor under this section,
the person must have been given a reasonable opportunity to deliver the
documents in question, or to furnish the information or evidence in question.\textsuperscript{566}

(3) When the Assessor gives a notice under subsection (1), he shall also give to the person to whom the notice applies a written summary of his reasons for the giving of the notice.

(4) Subsection (3) does not require the disclosure of any information which would, or might, identify any person who has provided the Assessor with any information which he took into account in deciding whether to give the notice.

(5) A notice under subsection (1) does not oblige a person to deliver documents or furnish information or evidence relating to the conduct of any pending appeal by him in respect of tax.\textsuperscript{567}

(6) To comply with a notice under subsection (1), copies of documents may be delivered instead of the originals; but —

(a) the copies must be in such form as the Assessor may reasonably require; and

(b) if so required by the Assessor in the case of any documents specified in the requirement, the originals must be made available for inspection by the Assessor in accordance with the requirement,

and failure to comply with a requirement under this subsection counts as failure to comply with the notice.\textsuperscript{568}

\textbf{105D Power to call for documents or information relating to taxpayer}\textsuperscript{569}

\textsuperscript{[P1970/9/20 and 20B in part]}

(1) The powers conferred by this section may be used for the purpose of enquiring into the liability to income tax of any person ("the taxpayer") in any case in which the Assessor has reasonable grounds for believing —

(a) that the taxpayer concerned may have failed or may fail to comply with any provision of the Income Tax Acts; and

(b) that any such failure is likely to have led or to lead to serious prejudice to the proper assessment or collection of tax.

(2) Subject to this section and section 105E, the Assessor may by notice in writing require any person other than the taxpayer to deliver to the Assessor or, if so required by the Assessor, to make available for inspection by the Assessor —

(a) such documents as are in his possession or power and as (in the Assessor’s reasonable opinion) contain, or may contain, information relevant to —
(i) any liability to income tax to which the taxpayer is or may be subject;
(ii) the amount of any such liability;
(iii) the taxpayer’s residence status for the purposes of this Act; and

(b) such information as the Assessor may reasonably require as being relevant to, or to the amount of, any such liability.

(3) Before giving a notice under this section to a person, the Assessor must afford the person a reasonable opportunity to provide the documents or information in question or produce for inspection the documents in question.

(3A) Subsection (3C) applies if, on the application of the Assessor, 2 members of the Income Tax Commissioners panel give their written consent that it is to apply.

(3B) Consent shall not be given under subsection (3A) unless both Commissioners are satisfied that the Assessor has reasonable grounds for suspecting the taxpayer of fraud.

(3C) When giving a person an opportunity to provide documents or information, or to produce documents for inspection, under subsection (3), the Assessor may direct the person —

(a) not to inform the taxpayer, or cause or permit the taxpayer to be informed, that the person has been given that opportunity; and

(b) not to disclose to any person, or cause or permit to be disclosed to any other person (including the taxpayer), any information or matter which is likely to prejudice —

(i) the inquiry to which the documents or information relate; or

(ii) the performance of the Assessor’s functions.

(4) Subject to section 105E(8), if the Assessor is aware of the taxpayer’s address or whereabouts, the Assessor must give the taxpayer —

(a) a copy of the notice; and

(b) a written summary of his reasons for the giving of the notice.

(5) Subsection (4) does not require the disclosure of any information which would, or might, identify any person who has provided the Assessor with any information which he took into account in deciding whether to give the notice.

(6) As an alternative to delivering documents to comply with a notice under subsection (2), copies of documents may be delivered instead of the originals; but —
(a) the copies must be in such form and in such manner as the Assessor may reasonably require; and

(b) if so required by the Assessor in the case of any documents specified in the requirement, the originals must be made available for inspection by the Assessor in accordance with the requirement,

and failure to comply with a requirement under this subsection counts as failure to comply with the notice.

105E Notices under s 105D: further provisions

[P1970/9/20 and 20B in part]

(1) A notice under section 105D(2) shall name the taxpayer with whose liability the Assessor is concerned unless the Assessor is satisfied —

(a) that the notice relates to a taxpayer whose identity is not known to the Assessor or to a class of taxpayers whose individual identities are not so known;

(b) that there are reasonable grounds for believing that the taxpayer or any of the class of taxpayers to whom the notice relates may have failed or may fail to comply with any provision of the Income Tax Acts;

(c) that any such failure is likely to have led or to lead to serious prejudice to the proper assessment or collection of tax; and

(d) that the information which is likely to be contained in the documents to which the notice relates is not readily available from another source.

(2) A person to whom a notice under section 105D(2) is given may, if, in accordance with subsection (1), the notice does not name the taxpayer concerned, by notice in writing given to the Assessor within 30 days after the date of the notice under that section, object to that notice on the ground that it would be onerous for him to comply with it, and if the matter is not resolved by agreement, it shall be referred to the Commissioners, who may confirm, vary or cancel that notice.

(3) The Treasury may by order declare that information of a particular description is not to be subject to the obligation imposed by section 105C(3) or 105D(4) if it is satisfied that there are reasonable grounds for suspecting the taxpayer of fraud or disclosure of information of that description would prejudice the assessment or collection of tax.

(4) An order under subsection (3) shall not come into operation unless it is approved by Tynwald.

(5) A notice under section 105D(2) does not oblige a person to deliver or make available any document the whole of which originates more than 6 years before the date of the notice.
(6) Subsection (5) does not apply if —
   (a) the Assessor is satisfied that there are reasonable grounds for
       believing that tax has been, or may have been, lost to the General
       Revenue owing to the fraud of the taxpayer; or
   (b) in the Assessor’s reasonable opinion, a document is foreseeably
       relevant to the period under investigation;

and the notice is so expressed as to exclude the restrictions of that
subsection.  

(7) A notice under section 105D(2) in relation to a taxpayer who has died
cannot be given if more than 6 years have elapsed since the death.

(8) Subject to subsection (9), if, on the application of the Assessor, 2
members of the Income Tax Commissioners panel give their written
consent, the copy and summary under section 105D(4) need not be given
to the taxpayer to whom they relate.

(9) Consent shall not be given under subsection (8) unless both
Commissioners are satisfied that the Assessor has reasonable grounds for
suspecting the taxpayer of fraud.

(10) A Commissioner who gives a consent under subsection (8) shall not be
liable in damages for, or in respect of, the consent nor any act or matter
done or omitted to be done in relation to the consent unless the act or
matter done or omitted to be done is shown to have been in bad faith.

(11) Subsection (10) does not apply so as to prevent the award of damages
made in respect of an act or omission on the ground that the act or
omission was unlawful as a result of section 6(1) of the Human Rights Act

(12) Where a consent has been given by the Commissioners under
subsection (8), the person to whom the notice is given under
section 105D(2) shall not —
   (a) inform the taxpayer, or cause or permit the taxpayer to be
       informed, that the notice has been given, or
   (b) disclose to any person, or cause or permit to be disclosed to any
       person (including the taxpayer), any information or matter which
       is likely to prejudice the inquiry to which the notice relates or the
       performance of the Assessor’s functions.

(13) Subject to the defences in subsection (16), a person who fails to comply
with subsection (12) or a direction under section 105D(3C) is guilty of an
offence and liable on summary conviction to a fine not exceeding £5,000
or to custody for a term of 6 months, or to both.

(14) If an offence under subsection (13) is committed by a body corporate and
is proved to have been committed with the consent or connivance of, or
to be attributable to neglect on the part of, a director, manager, secretary
or other similar officer of the body corporate or a person who was
purporting to act in such a capacity, that person, as well as the body
corporate, is guilty of the same offence and liable to be proceeded against
and punished accordingly.\textsuperscript{587}

(15) Where the affairs of a body corporate are managed by its members or by
agents, subsection (14) applies in relation to the acts and defaults of a
member or an agent in connection with the functions of management as
if that person were a director of the body corporate.\textsuperscript{588}

(16) It is a defence in proceedings for an offence under subsection (13) for the
person concerned to satisfy the court —

(a) that all reasonable precautions were taken and all due diligence
was exercised to avoid the commission of the offence by the
person concerned and by any person under his control, or

(b) in the case of an offence in respect of an alleged contravention of
subsection (12)(b) or a direction under section 105D(3C)(b), that
the person concerned did not know or suspect that the disclosure
was likely to be prejudicial to the inquiry or to the performance of
the Assessor’s functions.\textsuperscript{589} \textsuperscript{590}

105F S 105D: auditors and tax advisers

[\textsuperscript{P1970/9/20 and 20B in part}]

(1) Subject to subsection (3), a notice under section 105D(2) —

(a) does not oblige a person who has been appointed as an auditor
for the purposes of any enactment to deliver or make available
documents which are his property and were created by him or on
his behalf for or in connection with the performance of his
functions under that enactment, and

(b) does not oblige a tax adviser to deliver or make available
documents which are his property and consist of relevant
communications.

(2) In subsection (1) —

“relevant communications” means communications between the tax adviser
and —

(a) a person in relation to whose tax affairs he has been appointed, or

(b) any other tax adviser of such a person,

the purpose of which is the giving or obtaining of advice about any of
those tax affairs.

(3) Subject to subsection (4), if, in accordance with section 105E(1), a notice
does not name the taxpayer concerned, subsection (1) shall not have
effect in relation to any document which contains information giving the
identity or address of any taxpayer to whom the notice relates or of any person who has acted on behalf of any such person.

(4) Subsection (1) is not disapplied by subsection (3) in the case of any document if —

(a) the information within subsection (3) is contained in some other document, and

(b) either —

(i) that other document, or a copy of it, has been delivered to the Assessor, or

(ii) that other document has been inspected by the Assessor.

(5) Where subsection (1) is disapplied by subsection (3) in the case of a document, the person to whom the notice is given either shall deliver the document to the Assessor or make it available for inspection by the Assessor or shall —

(a) deliver to the Assessor a copy (in such form as the Assessor may reasonably require) of any parts of the document which contain the information within subsection (3), and

(b) if so required by the Assessor, make available such parts of the document as contain that information for inspection by the Assessor in accordance with the requirement;

and failure to comply with any requirement under paragraph (b) above shall constitute a failure to comply with the notice.

105G Ss 105C - 105F: supplementary

[P1970/9/20 and 20B in part]

(1) The persons who may be treated as “the taxpayer” for the purposes of sections 105C to 105E include a company which has ceased to exist and an individual who has died.

(2) In sections 105C to 105E references to documents do not include —

(a) personal records, or

(b) journalistic material, or

(c) items subject to legal privilege,

and references to information do not include information contained in such personal records, journalistic material or items or information (not contained in such records, material or items) which is subject to legal professional privilege.

(3) Subject to subsection (2), references in sections 105C to 105F to documents and information are to those specified or described in the notice in question; and —
(a) the notice shall require documents to be delivered (or delivered or made available), or information to be furnished, within such time (which shall not be less than 30 days after the date of the notice) as may be specified in the notice; and

(b) the person to whom they are delivered, made available or furnished may take copies of them or of extracts from them.

PART 12c - COURT ORDERS TO DELIVER DOCUMENTS, ETC

105H Orders for the delivery of taxpayer’s documents etc

(1) The High Court may make an order under this section if satisfied on information on oath given by the Assessor —

(a) that a notice under section 105C(1) has not been complied with; or

(b) that there is reasonable ground for suspecting that such a notice will not be complied with.

(2) An order under this section is an order requiring the person to whom the notice is given to —

(a) deliver to the Assessor such documents as are in the person’s possession or power and as (in the Court’s opinion) contain, or may contain, information relevant to —

   (i) any liability to income tax to which the person is or may be subject, or

   (ii) the amount of any such liability;

(b) furnish to the Assessor such information as the Court may specify as being relevant to, or to the amount of, any such liability; or

(c) furnish to the Assessor such evidence of residence as the Court may specify.

105I Orders for the delivery of documents or information relating to taxpayer

(1) The High Court may make an order under this section if satisfied on information on oath given by the Assessor —

(a) that a notice under section 105D(2) has not been complied with; or

(b) that there is reasonable ground for suspecting that such a notice will not be complied with; or

(c) that the taxpayer concerned may have failed or may fail to comply with any provision of the Income Tax Acts, and that any such

* See Part 12A for modifications of Parts 11 and 12 for international arrangements.
failure is likely to have led or to lead to serious prejudice to the proper assessment or collection of tax.

(2) An order under this section is an order requiring the person who appears to the Court to have in his possession or power the documents specified or described in the order to deliver them to the Assessor or to provide the information required by the Assessor.

105J  Ss 105H and 105I: supplementary

(1) An order under section 105H or 105I shall require compliance within —
   (a) 7 days after the day on which notice of the order is served on him, or
   (b) such shorter or longer period as may be specified in the order.

(2) If a person fails to comply with an order made under section 105H or 105I, he may be dealt with as if he had committed a contempt of the court.

(3) Where an order under section 105H or 105I applies to a document in electronic or magnetic form, the order shall be taken to require the person to deliver the information recorded in the document in a form in which it is visible and legible.

(4) Sections 105H or 105I do not apply to —
   (a) personal records, or
   (b) journalistic material, or
   (c) items subject to legal privilege.

105K  Ss 105H and 105I: notices and procedures

(1) A person is entitled —
   (a) to at least 14 days’ notice of the intention to apply for an order against him under section 105H or 105I, and
   (b) to appear and be heard at the hearing of the application,
unless the High Court is satisfied that this would seriously prejudice the investigation of the offence.

(2) A person (“P”) who has been given notice of intention to apply for an order under section 105H or 105I must not —
   (a) at any time before the latest of —
      (i) the abandonment of the application;
      (ii) the determination of the application; or
      (iii) the conclusion of the investigation,
conceal, destroy, alter or dispose of any document to which the application relates, or conceal or alter any information to which the application relates, or

(b) at any time before the abandonment of the application or the conclusion of the investigation, disclose to any person (other than P’s professional legal adviser or tax adviser) information or any other matter likely to prejudice the investigation of the offence to which the application relates.\(^605\)

(2A) The obligation under subsection (2) ceases if the Assessor gives notice to P to that effect.\(^606\)

(2B) Subsections (2) and (2A) are subject to any provision of record-keeping regulations requiring the continued retention of documents or information to which the application relates.\(^607\)

(2C) The Assessor must give notice to P if —

(a) the Assessor decides to abandon the application;

(b) the application (or any part of it relating to P) is refused by the High Court, unless P appeared at the hearing of the application; or

(c) the investigation is concluded.\(^608\)

(3) Subsection (2)(a) does not prevent anything being done —

(a) with the leave of the High Court,\(^609\)

(b) with the written permission of the Assessor,\(^610\)

(c) after the application has been dismissed or abandoned, or

(d) after any order made on the application has been complied with.

(4) Subsection (2)(b) does not prevent a professional legal adviser from disclosing any information or other matter —

(a) to, or to a representative of, a client of his in connection with the giving by the adviser of legal advice to the client; or

(b) to any person —

(i) in contemplation of, or in connection with, legal proceedings; and

(ii) for the purpose of those proceedings.

(5) Subsection (2)(b) does not prevent a tax adviser from disclosing any information or other matter to, or to a representative of, a client of his in connection with the giving by the adviser of tax advice to the client

(6) Subsections (4) and (5) do not apply in relation to any information or other matter which is disclosed with a view to furthering a criminal purpose.
(7) A person who fails to comply with the obligation in subsection (2)(a) or (b) may be dealt with as if he had failed to comply with an order under section 105H or 105I as the case requires.611

105L Falsifying or concealing documents or information612

Subject to subsections (2) to (4), a person is guilty of an offence if he intentionally falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of, a document which —

(a) he has been required by a notice under section 105C or 105D or an order under section 105H or 105I, or

(b) he has been given an opportunity in accordance with section 105C(2) or 105D(3),

to deliver, or to deliver or make available for inspection.

(1A) Subject to subsections (2) to (4), a person is guilty of an offence if he intentionally falsifies or conceals, or causes or permits the falsification or concealment of information which —

(a) he has been required to furnish by a notice under section 105C or 105D or an order under section 105H or 105I, or

(b) he has been given an opportunity to furnish in accordance with section 105C(2) or 105D(3).613

(2) A person does not commit an offence under subsection (1) or (1A) if he acts —

(a) with the written permission of the Assessor; or614

(b) after —

(i) the document has been delivered;

(ii) the information has been provided; or

(iii) in a case within section 105C, the document has been inspected; or615

(c) after a copy has been delivered in accordance with section 105C(1) or 105D(2) and the original has been inspected.616

(3) A person does not commit an offence under subsection (1)(a) or (1A)(a) if he acts after the end of the period of 2 years beginning with the date on which the notice is given or the order is made, unless before the end of that period the Assessor has notified the person in writing that the notice or order has not been complied with to his satisfaction.617

(4) A person does not commit an offence under subsection (1)(b) or (1A)(b) if he acts after an application for consent to a notice being given in relation to the document or information has been refused.618
(5) A person guilty of an offence under subsection (1) or (1A) shall be liable —
   (a) on summary conviction, to a fine not exceeding £5,000;
   (b) on conviction on information, to custody for a term not exceeding 2 years or to a fine or to both.619 620

105M Entry with warrant to obtain material

[P/1970/9/20C]

(1) If a Deemster is satisfied on an application on oath given by the Assessor that there is reasonable ground for suspecting that —
   (a) an offence involving fraud in connection with, or in relation to, income tax is being, has been or is about to be committed; and
   (b) evidence of it may be found on premises specified in the application,621

   the Deemster may issue a warrant in writing authorising the Assessor to enter the premises, if necessary by force, at any time within 14 days from the time of issue of the warrant, and search them.622

(2) An application for a warrant under this section shall not be approved under subsection (1)(b) unless there are reasonable grounds for believing that use of the procedure under section 105H or 105I (order for provision of documents or information) might seriously prejudice the investigation.623

(3) The powers conferred by a warrant under this section shall not be exercisable —
   (a) outside such times of day as may be so specified;
   (b) if the warrant so provides, otherwise than in the presence of a constable in uniform.

(4) When entering the premises under the authority of a warrant under this section, the Assessor may —
   (a) take with him such other persons as appear to him to be necessary;
   (b) seize and remove anything whatsoever found there which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence as is mentioned in subsection (1); and624
   (c) search or cause to be searched any person found on the premises whom he has reasonable cause to believe to be in possession of any such thing;625

   but no person shall be searched except by a person of the same sex.626
(5) In the case of any information contained in a computer stored in any electronic form which is information that —

(a) the Assessor has reasonable cause to believe may be required as evidence for the purposes mentioned in subsection (4)(b); and

(b) is accessible from the premises,

the power of seizure under that subsection includes a power to require the information to be produced in a form in which it can be taken away and in which it is visible and legible or from which it can readily be produced in a visible and legible form.

(6) Nothing in subsection (4) authorises the seizure and removal of items subject to legal privilege.

(7) Items held with the intention of furthering a criminal purpose are not subject to legal privilege.

(8) A person seeking to exercise the powers conferred by a warrant under this section or, if there is more than one person, that one of them who is in charge of the search —

(a) if the occupier of the premises concerned is present at the time the search is to begin, shall supply a copy of the warrant endorsed with his name to the occupier;

(b) if at that time the occupier is not present but a person who appears to the Assessor to be in charge of the premises is present, shall supply such a copy to that person; and

(c) if neither paragraph (a) nor paragraph (b) applies, shall leave such a copy in a prominent place on the premises.

(9) Where entry to premises has been made with a warrant under this section, and the person making the entry has seized things under the authority of the warrant, the person must attach to the warrant, or endorse upon it, a list of the things seized.627 628

105N Procedure where documents etc are removed

[P/1970/9/20CC]

(1) A person who removes anything in the exercise of the power conferred by section 105M shall, if so requested by a person showing himself —

(a) to be the occupier of premises from which it was removed, or

(b) to have had custody or control of it immediately before the removal,

provide that person with a record of what has been removed.

(2) The record shall be provided within a reasonable time from the making of the request for it.
(3) Where anything that has been removed by the Assessor as mentioned in subsection (1) is of such a nature that a photograph or copy of it would be sufficient —

(a) for use as evidence at a trial for an offence, or
(b) for forensic examination or for investigation in connection with an offence,
it shall not be retained longer than is necessary to establish that fact and to obtain the photograph or copy.

(4) Subject to subsection (8), if a request for permission to be granted access to anything which —

(a) has been removed, and
(b) is retained for the purpose of investigating an offence,
is made to the Assessor by a person who had custody or control of the thing immediately before it was so removed, or by someone acting on behalf of any such person, the Assessor shall allow the person who made the request access to it under the supervision of the Assessor.

(5) Subject to subsection (8), if a request for a photograph or copy of any such thing is made to the Assessor by a person who had custody or control of the thing immediately before it was so removed, or by someone acting on behalf of any such person, the Assessor shall —

(a) allow the person who made the request access to it under the supervision of the Assessor for the purpose of photographing it or copying it, or
(b) photograph or copy it, or cause it to be photographed or copied.

(6) Where anything is photographed or copied under subsection (5)(b) the photograph or copy shall be supplied to the person who made the request.

(7) The photograph or copy shall be supplied within a reasonable time from the making of the request.

(8) There is no duty under this section to grant access to, or to supply a photograph or copy of, anything if the Assessor has reasonable grounds for believing that to do so would prejudice —

(a) the investigation of an offence for the purposes of which the thing was removed;
(b) the investigation of another offence; or
(c) any criminal proceedings which may be brought as a result of any investigation mentioned in paragraph (a) or (b).

105O Interpretation of ss 105C to 105N

In sections 105C to 105N —
“document” means anything in which information of any description is recorded but without prejudice to the definition of that word in the Interpretation Act 2015;\(^\text{630}\)

“information” means any fact, statement or record in whatever form;\(^\text{631}\)

“items subject to legal privilege” has the same meaning as in the Police Powers and Procedures Act 1998;

“journalistic material” has the same meaning as in the Police Powers and Procedures Act 1998;

“personal records” has the same meaning as in the Police Powers and Procedures Act 1998;

“tax adviser” means a person who —

(a) in the ordinary course of his business, gives, and holds himself out as giving, advice to others about their tax affairs; and

(b) has been appointed to give such advice either by the person in relation to whose tax affairs he has been appointed or by another tax adviser of that person.\(^\text{632}\)

105P [Repealed]\(^\text{633}\)

105Q [Repealed]\(^\text{64}\)

PART 12A — INTERNATIONAL ARRANGEMENTS: SUPPLEMENTARY PROVISIONS\(^\text{635}\)

105OA Modification of Parts 11 and 12 for international arrangements

(1) Parts 11 and 12 apply to an international arrangement (whenever made) subject to the modifications in this Part.

(2) For the sake of clarity, the provisions of this Part have effect, in relation to any international arrangement in operation when this Part commences, in place of any previous provision in connection with that arrangement relating to the modification of Parts 11 and 12.\(^\text{636}\)

105OBO Modification of Part 11

(1) At the end of section 105C(5) (power to call for documents or information) insert —

“(either in the Island or in a country to which the international arrangement relates)”.

(2) In section 105D —
(a) in subsection (1) for the words following “("the taxpayer")” substitute —
“for the purpose of responding to a request made by the country to which the international arrangement relates in accordance with that arrangement.”; and

(b) in subsection (6)(a) for “in such form and in such manner” substitute “in such form and authenticated in such manner”.

(3) In section 105E —
(a) for subsection (1) substitute —

“(1) A notice under section 105D(2) must name the taxpayer with whose liability the Assessor is concerned unless the Assessor is satisfied —

(a) that the notice relates to a taxpayer whose identity is not known to the Assessor, or to a class of taxpayers whose individual identities are not so known; or

(b) that there are reasonable grounds for believing that the taxpayer or any of the class of taxpayers to whom the notice relates may have failed or may fail to comply with any provision of the Income Tax Acts.

This is subject to subsection (1A).

(1A) The Assessor may only give a notice under section 105D(2) by virtue of subsection (1) if —

(a) the information; or

(b) the information which is likely to be contained in the documents, to which the notice relates is not readily available from another source.”;

(b) after subsection (2) insert —

“(2A) In determining a reference under subsection (2), the Commissioners must have regard to the requirements of the international arrangement in question.”; and

(c) omit subsections (5) to (7).

(4) Omit section 105F.

(5) In section 105G —

(a) after subsection (1) insert —

“(1A) In the case of a company that has ceased to exist any requirement to provide information or documents may be directed to —
Section 105 | Income Tax Act 1970

(a) the administrator, liquidator, official receiver or other person dealing with the affairs of the company, or
(b) any former director or other officer of the company.

(1B) In the case of an individual who has died any requirement to provide information or documents may be directed to the administrator or executor of that individual’s estate.

(b) in subsection (3) for “105F” substitute “105E”.

105OC Modification of Part 12

(1) In section 105I(1)(c) for the words following “likely” substitute “to have been, or to be, prejudicial to the determination of a person’s liability to income tax.”.

(2) In section 105K —
(a) in subsection (1) omit “seriously”;
(b) in subsection (2)(b) omit “or tax adviser”;
(c) omit subsection (5); and
(d) in subsection (6) for “Subsections (4) and (5) do not” substitute “Subsection (4) does not”.

(3) In section 105O —
(a) insert the following definitions at the appropriate points in the alphabetical list —

“country” has the meaning given in section 104A;

“income tax” includes any tax to which the international arrangement in question relates (and “tax” is to be construed accordingly);

“Income Tax Acts” includes —

(a) the laws of the Island; or
(b) the laws of the country to which the international arrangement relates,

insofar as those laws relate to any tax to which the arrangement in question relates (and references to “this Act” are to be construed accordingly);

“international arrangement” has the meaning given in section 104B(4);

“liability to income tax” includes —

(a) determination, administration, assessment and collection of income tax;
(b) recovery and enforcement of tax claims; and
(c) investigation or prosecution of offences related to tax

(and “liability” is to be construed accordingly);

“taxpayer” includes a person who is the subject of a request made under an international arrangement.”;

(b) for the definition of “information” substitute —

“information” means information foreseeably relevant to a liability to income tax, and includes —

(a) matters within an individual’s knowledge or belief; and
(b) information contained in a document or other form of record (whether physical or electronic) within a person’s possession, custody or control;”; and

(c) omit the definition of “tax adviser”.

PART 13 – AUTHORISED OFFICERS: INSPECTION AND DOCUMENT POWERS

DIVISION 1 – PRELIMINARY

105R Definitions for Part

In this Part —

“business” includes an undertaking;

“business assets” means assets (other than documents) an authorised officer has reason to believe are owned, leased or used in connection with the carrying on of a business by anyone;

“business documents” means documents (including copies of documents and documents held in electronic form) that —

(a) relate to the carrying on of a business; and
(b) are, under an Income Tax Act, required to be kept by or for the person; and

“business premises”, of a person, means premises (or any part of premises) an authorised officer has reason to believe are (or is) used in connection with the carrying on of a business by or on behalf of the person.
DIVISION 2 – INSPECTION OF BUSINESS PREMISES

105S Inspection powers

(1) An authorised officer may, if the officer considers doing so is reasonably necessary to enable the Assessor to examine a person’s tax position —
   (a) enter any business premises of the person; and
   (b) inspect the premises and business assets and business documents at the premises.

(2) However, the entry and inspection may take place only if —
   (a) the occupier of the premises consents;
   (b) the authorised officer has given the occupier at least 7 days’ written notice of the entry and inspection and when it will take place; or
   (c) the entry and inspection has been approved under section 105U and the authorised officer complies with section 105V.

(3) Subsection (2) does not apply to land around a building or other structure or to any part of the building or structure to an extent that is reasonable to contact the occupier of the business premises to seek the consent.

(4) Entry and inspection under subsection (2)(b) or (c) may take place at any reasonable time.

(5) The powers under this section are the “inspection powers”.

(6) An inspection with approval under section 105U is an “approved inspection”.

105T Restrictions on inspection powers

The inspection powers do not apply to —

(a) a part of business premises used solely as a dwelling;

(b) personal records, journalistic material or items subject to legal privilege; or

(c) a document relating to the conduct of any pending appeal relating to tax.

105U Approval by High Bailiff

(1) This section applies if an authorised officer proposes to exercise inspection powers in accordance with section 105S(2)(c) in relation to particular business premises or particular business assets or business documents at those premises.
(2) The Assessor must apply for the approval of the High Bailiff for that inspection.

(3) The application must specify the reasons for making it and identify —
(a) the premises to which the application relates; and
(b) so far as the Assessor is able to do so, any business assets or business documents to which the application relates.

(4) The High Bailiff must give approval if, but only if, satisfied the entry and inspection in question is, in all the circumstances, reasonably justified.

(5) The approval must be in writing.

(6) The High Bailiff is not liable for damages for giving approval, or an act or matter relating to giving approval, unless doing so was —
(a) in bad faith; or
(b) unlawful under section 6(1) of the Human Rights Act 2001.643

105V Notice requirement for making approved inspection

(1) This section applies to an approved inspection.

(2) When making the entry, the authorised officer entering must give a notice about the entry —
(a) if the occupier of the business premises being entered is present, to the occupier;
(b) if the occupier is not present but someone else is who appears to be in charge of the premises, to the other person; or
(c) otherwise, by leaving it in a prominent place on the premises.

(3) The notice must state —
(a) that the High Bailiff has approved the exercise of inspection powers for the premises and business assets and business documents at the premises;
(b) that, under section 105S(2)(c), the powers may be exercised without anyone else’s consent; and
(c) that anyone who obstructs the authorised officer from exercising the powers may be —
(i) committing an offence against section 109 (obstructing officers); or
(ii) liable to a civil penalty under Division 4 in lieu of a proceeding for the offence.644

105W Power to mark assets and record information

The inspection powers include power to —
(a) mark business assets, and anything containing them, to indicate the assets have been inspected; and
(b) obtain and record information (whether electronically or otherwise) relating to business premises, business assets and business documents inspected.  

105X Power to require reasonable assistance

(1) This section applies if an authorised officer has entered business premises in the exercise of the inspection powers for an approved inspection.

(2) The authorised officer may require a person listed in subsection (3) who is present at the premises to give the officer reasonable assistance to perform the officer’s functions for the inspection (an “assistance requirement”).

(3) The persons referred to in subsection (2) are —
(a) the person whose tax position is being examined (the “investigated person”);  
(b) a tax adviser of the investigated person; and
(c) anyone employed or engaged by the investigated person or the tax adviser to perform work at the business premises.

Example of when an assistance requirement may be made:
The officer wishes access to a locked room in the premises to check for any business documents inside. The room is not used as a dwelling. A key to the room is in the person’s possession, or is in the person’s custody or power and the person can reasonably obtain it. The authorised officer may require the person to unlock the room.

(4) In making an assistance requirement of a person, the authorised officer must warn the person in writing that —
(a) contravention of the requirement is an offence under section 105Y; and
(b) under Division 4, the Assessor may impose a civil penalty on the person for a contravention of the requirement in lieu of instituting proceedings for the offence.

105Y Offence: contravention of assistance requirement

A person commits an offence if an assistance requirement has been made of the person and the person contravenes the requirement, unless the person has a reasonable excuse.
DIVISION 3 — DOCUMENT-RELATED POWERS

105Z Application of Division

This Division applies in relation to a document produced to, or inspected by, an authorised officer in the exercise of a power conferred by this Part.\textsuperscript{648}

105ZA Power to copy or take extracts

An authorised officer may copy or take extracts from the document.\textsuperscript{649}

105ZB Removal and retention powers

(1) An authorised officer may, at a reasonable time, remove the document and retain it for a reasonable period.

(2) If the document is in electronic format the power in subsection (1) includes power, —

(a) to remove any medium on which the document is recorded; and

(b) to require such assistance as is reasonably necessary to enable the information contained in the document to be rendered in a legible form.

Example: documents are stored electronically upon a hard disk of a computer. The power to seize the document includes power to seize the hard disk or to require assistance to make the data contained in it legible (e.g. by removing any password protection on the disk).\textsuperscript{650}

105ZC Safeguards for removal power

(1) This section applies for a document removed and retained under section 105ZB.

(2) An authorised officer must, if the owner of the document asks, give the owner —

(a) a receipt for the document; and

(b) if the owner reasonably requires the document for any purpose, a copy of the document.

(3) The request may be made at any time.

(4) The copy must be given free of charge.

(5) If the document is lost or damaged before it is returned to the owner, the authorised officer must compensate the owner for any costs the owner reasonably incurs in the document’s replacement or repair.

(6) The removal and retention of the document does not break any lien over it.\textsuperscript{651}
DIVISION 4 — CIVIL PENALTY FOR CONTRAVENTING ASSISTANCE REQUIREMENT OR OBSTRUCTING APPROVED INSPECTION

105ZD Power to impose civil penalty

(1) The Assessor may, by written notice (a “penalty notice”), impose a penalty of such amount as the Assessor considers reasonable not exceeding £5,000 (an “inspection-related penalty”) on a person whom the Assessor considers has done either or both of the following in relation to an approved inspection —

(a) contravened an assistance requirement; or

(b) deliberately obstructed the inspection.

(2) However —

(a) at least 7 days before imposing the penalty for the contravention or obstruction, the Assessor or an authorised officer must have warned the person, in writing, that —

(i) the person’s conduct is considered to be a contravention or obstruction; and

(ii) the Assessor may impose a civil penalty on the person if the contravention or obstruction continues; and

(b) the penalty cannot be imposed if —

(i) the person ceases the contravention or obstruction after the warning has been given; and

(ii) the Assessor has been notified of the cessation; before the penalty has been imposed.

Note: A warning is required to complete an assistance requirement. See section 105X(4).

(3) The penalty notice must include a statement that, under section 105ZG, the person may appeal to the Commissioners against the imposition of the penalty.

(4) On an appeal the Commissioners may confirm, reduce or remit the penalty.652

105ZEF Further civil penalty for continued contravention or obstruction

(1) This section applies if —

(a) the Assessor has imposed an inspection-related penalty on a person; and

(b) the Assessor considers the contravention or obstruction the subject of the penalty has continued for any period after its imposition (whether or not the contravention or obstruction has since stopped).
(2) The Assessor may, by written notice, impose a further civil penalty (also an “inspection-related penalty”) on the person of £60 for each day the contravention or obstruction continued or continues.

(3) The notice may be given —
   (a) without giving any further warning; and
   (b) by reference to a day, stated days or any longer period of time.

(4) The notice must include a statement that, under section 105ZG, the person may appeal to the Commissioners against the imposition of the further civil penalty.

105ZF Reasonable excuse defence

(1) Liability to an inspection-related penalty does not arise if the Assessor is satisfied the person contravening or obstructing had a reasonable excuse.

(2) For the purposes of subsection (1) —
   (a) insufficiency of funds is not a reasonable excuse unless it was attributable to events beyond the person’s control;
   (b) reliance on another person to do anything is not a reasonable excuse unless the person took reasonable steps to avoid the contravention or obstruction; and
   (c) if the person had a reasonable excuse but the excuse has ceased, the person is to be treated as still having the excuse if the contravention or obstruction stops without unreasonable delay after the excuse ceased.

105ZG Collection of and appeals against penalty

Sections 111H (collection of penalty) and 111I (appeals) apply to an inspection-related penalty as if the penalty had been imposed under sections 111C to 112 (Tax return defaulters – civil penalties) and with any other necessary changes.

105ZH Safeguard against double jeopardy

(1) If an inspection-related penalty is imposed on a person, the person is not liable to be prosecuted for an offence under —
   (a) section 105Y, for a contravention of an assistance requirement; or
   (b) section 109, for an obstruction or contravention.

(2) However, to remove any doubt, this Division does not, of itself, prevent a person from being prosecuted for an offence constituted by an obstruction or a contravention of an assistance requirement.
105ZI Order-making power to vary penalty amounts

(1) The Treasury may, by order, amend a monetary amount mentioned in this Division.

(2) An order under this section must not come into operation unless it is approved by Tynwald.

PART 14 – CONFIDENTIALITY AND DISCLOSURE OF INFORMATION

A106 Definitions for this Part

(1) In this Part —

“enforcing authority” means —

(a) the Isle of Man Office of Fair Trading;
(b) the Isle of Man Gambling Supervision Commission;
(c) the Chief Constable and the members of the Police Force; and
(d) any person (other than the Isle of Man Financial Services Authority) who is prescribed for the purpose of this definition by an order made by the Treasury.

“information” includes documents.

(2) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.

106 Information confidential

(1) Subject to subsections (4), (4A) and (5), every person —

(a) having any official duty under or in respect of the Income Tax Acts;
(b) engaged in the duties of collecting, accounting for, or otherwise managing, the revenues of customs and excise; or
(c) engaged in the assessment, collection or enforcement of national insurance contributions or rating of national insurance funded benefits,

has a duty of confidentiality in relation to all income tax documents and information.

(2) Subject to subsections (4), (4A) and (5), every person holding documents or information on behalf of any person having a duty of confidentiality under subsection (1) also has a duty of confidentiality in relation to all documents and information so held.
Subject to subsections (4), (4A) and (5), if any person having a duty of confidentiality under subsection (1) or (2) discloses or attempts to disclose to another any document or information referred to in those subsections, he shall be guilty of an offence against this Act.\(^666\)

Subsections (1) to (3) shall not preclude the disclosure of documents and information to—

(a) the Attorney General or any officer authorised by him;
(b) the Chief Financial Officer;
(c) the Assessor;
(d) any person engaged in the assessment or collection of income tax;
(e) any person who, under the direction of the Assessor, is undertaking or assisting in the assessment, administration or collection of income tax;\(^667\)
(f) the Judgements Officer or a Coroner or Lockman;
(g) a person authorised to audit the accounts of the General Revenue under section 4 of the Finance Act 1958, who shall be entitled to examine the same for the purpose of such audit;
(h) a duly authorised officer of the Treasury pursuant to section 8(2) of the Treasury Act 1985;
(i) a person —
   (i) providing economic modelling services to the Treasury or the Assessor for the purpose of assisting them in the performance of their duties; and
   (ii) in a manner such that the person to whom the information or document relates cannot readily be identified; or\(^668\)
(j) the Chief Secretary or a person authorised by the Chief Secretary for the purpose of providing economic advice or statistical analysis to the Government or to assist in the production of Government statistics.\(^669\)

Subsections (1) to (3) shall not preclude —

(a) the extraction from documents and information of the name, address and date of birth (collectively referred to as “personal data”) of a person resident in the Island; and
(b) the transmission of that personal data to the Private Secretary to the Lieutenant Governor,

solely for the purpose of enabling the Lieutenant Governor or the Crown to prepare and send to the person a special message in commemoration of the person’s having attained a significant age of advanced years, the significance of which shall be determined at the discretion of the person extracting and transmitting the personal data.\(^670\)
Subsections (1) to (3) shall not preclude the disclosure of documents and information —

(a) for the purpose of an objection or appeal before the Commissioners or the Staff of Government Division;

(b) for the purpose of proceedings connected with a matter in relation to which the Treasury, the Chief Financial Officer or the Assessor perform duties;

(c) if the disclosure is required or authorised by order of a court in the Island;

(d) for the purpose of enabling or assisting the Treasury to discharge its functions in respect of bona vacantia;

(e) if the disclosure is required or authorised by any statutory provision (including a provision in this Act);

(f) if the disclosure is made in the prescribed manner under section 13 of the Bribery Act 2013.

Any person to whom a document or information has been disclosed under subsection (4), (4A) or (5) and who makes a disclosure of the document or information or any part thereof otherwise than for the purpose for which it was provided to that person shall be guilty of an offence against this Act.

For the sake of clarity, a disclosure by way of publication of data that have been provided under subsection (4)(j) and for the purposes mentioned there does not contravene subsection (5A) if the data is anonymised.

Every person who incites or counsels, or attempts to procure another person to commit any of the offences aforesaid shall be guilty of an offence against this Act.

References in this section to documents and information which are held on behalf of another include references to documents and information —

(a) are held by a person who provides services to the other; and

(b) are held by that person in connection with the provision of those services.

Disclosure of information between the Assessor and the Collector of Customs and Excise

Notwithstanding section 106 of this Act and any other restriction upon the disclosure of information imposed by any enactment or otherwise, the Assessor may disclose information to the Collector of Customs and
Excise (the “Collector”) for the purpose of assisting him in the performance of his duties.\textsuperscript{677}

(2) Information obtained under subsection (1) must not be disclosed to anyone except —
   (a) to the Collector;
   (b) for proceedings connected with a matter for which the Collector performs functions; or
   (c) with the Assessor’s consent.\textsuperscript{678}

(2A) The consent may be given for a particular disclosure or in circumstances stated or described in the consent.\textsuperscript{679}

(3) Any person who discloses information pursuant to subsection (1) shall not be guilty of an offence under section 106(3) of this Act.\textsuperscript{680}

(4) If the Collector or any person authorised by him fails to comply with subsection (2) he shall be guilty of an offence.

(5) Subsection (6) applies if a person receives information by a disclosure authorised under subsection (2).\textsuperscript{681}

(6) If the person discloses the information to anyone else the person commits an offence, unless the disclosure is for a specific purpose authorised by the Assessor.\textsuperscript{682}

(7) In this section —

“Assessor” includes an officer authorised by the Assessor; and

“Collector” includes an officer authorised by the Collector.\textsuperscript{683 684}

\textbf{106B Disclosure of information by Treasury etc}\textsuperscript{685}

(1) Notwithstanding any restriction upon the disclosure of information imposed by any enactment or otherwise, the Treasury (in respect of its social security functions) and the Collector of Customs and Excise (either the “disclosing body”, as the case may be) may disclose information to the Assessor or an officer authorised by him for the purpose of assisting him in the performance of his duties under the Income Tax Acts.\textsuperscript{686}

(2) Information obtained under subsection (1) must not be disclosed to anyone except —
   (a) to the Assessor;
   (b) for proceedings connected with a matter for which the Assessor performs functions; or
   (c) with the disclosing body’s consent.\textsuperscript{687}

(2A) The consent may be given for a particular disclosure or in circumstances stated or described in the consent.\textsuperscript{688}
If the Assessor or any person authorised by him fails to comply with subsection (2) he shall be guilty of an offence.

This section is without prejudice to any other provision of this Act which enables the Assessor to require information in relation to specific cases.

Subsection (6) applies if a person receives information by a disclosure authorised under subsection (2).

If the person discloses the information to anyone else the person commits an offence, unless the disclosure is for a specific purpose authorised by the disclosing body.

In this section —

“Assessor” includes an officer authorised by the Assessor; and

“disclosing body” includes an officer authorised by the disclosing body.

In this section and section 106C references to the Treasury’s “social security functions” are to those functions for which the Treasury is responsible by virtue of article 4 of the Transfer of Functions (Health and Social Care) Order 2014.

106C Disclosure of information by the Assessor to the Treasury

Notwithstanding section 106 of this Act and any other restriction upon the disclosure of information imposed by any enactment or otherwise, the Assessor or an officer authorised by the Assessor may disclose information to the Treasury for the purpose of assisting it in the performance of its social security functions.

This section applies to information obtained before as well as after the coming into operation of this section.

Information obtained under subsection (1) must not be disclosed other than to —

(a) the Treasury;

(b) an officer authorised by the Treasury to receive such information; or

(c) for the purposes of any proceedings connected with a matter related to the Treasury’s social security functions.

If the Treasury or any person authorised by it fails to comply with subsection (3) they shall be guilty of an offence.

Information obtained by means of a disclosure authorised by this section shall not be further disclosed except with the consent of the Assessor.
106D Disclosure of information to enforcing authorities, etc

(1) This section applies to information which is held by or on behalf of the Assessor and any person having any official duty in respect of income tax (“the holders”).

(2) This section applies to information obtained before as well as after the coming into operation of this section.

(3) No restriction on the disclosure of information imposed by statute (including this Act) or otherwise, prevents the disclosure, in accordance with the following provisions of this section, of information to which this section applies if the disclosure is made for the purposes of enabling or assisting the Isle of Man Financial Services Authority or an enforcing authority to discharge its functions.999

(4) No disclosure of information to which this section applies shall be made by virtue of this section unless the person by whom the disclosure is made is satisfied that the making of the disclosure is proportionate to what is sought to be achieved by it.

(5) Information to which this section applies shall not be disclosed by virtue of this section except with the consent of the Assessor.

(6) Information obtained by means of a disclosure authorised by subsection (3) shall not be further disclosed except with the consent of the Assessor.

(7) A consent for the purposes of subsection (5) or (6) may be given either in relation to a particular disclosure or in relation to disclosures made in such circumstances as may be specified or described in the consent.

(8) Nothing in this section authorises the making of any disclosure which is prohibited by any provision of the Data Protection Act 2002.700

(9) References in this section to information which is held on behalf of the holders include references to information which —

(a) is held by a person who provides services to any of the holders; and

(b) is held by that person in connection with the provision of those services.

(10) Nothing in this section shall be taken to prejudice any power to disclose information which exists apart from this section.701

106E Disclosure of information to Treasury and Assessor by certain authorities

(1) This section applies to any information which is held by or on behalf of an enforcing authority or the Manx Utilities Authority (“the holders”).702
Section 106

(2) No restriction on the disclosure of information imposed by statute (including this Act) or otherwise, prevents the disclosure to the Treasury or the Assessor, in accordance with this section, of information or documents to which this section applies if the disclosure is made for the purpose of enabling or assisting the Treasury or the Assessor to discharge their respective functions under the Income Tax Acts or in respect of income tax.

(3) Information obtained by means of a disclosure authorised by subsection (2) shall not be disclosed except —
   (a) for a purpose mentioned in that subsection; and
   (b) with the consent of the relevant enforcing authority.

(4) A consent for the purposes of subsection (3) may be given either in relation to a particular disclosure or in relation to disclosures made in such circumstances as may be specified or described in the consent.

(5) Nothing in this section authorises the making of any disclosure which is prohibited by any provision of the Data Protection Act 2002.

(6) References in this section to information which is held on behalf of the holders include references to information which —
   (a) is held by a person who provides services to the particular holder; and
   (b) is held by that person in connection with the provision of those services.

(7) Nothing in this section shall be taken to prejudice any power to disclose information or documents which exists apart from this section.

106F Disclosure of information between the Assessor and the Department of Education, Sport and Culture

(1) No restriction on the disclosure of information imposed by statute (including this Act), or otherwise, prevents the Assessor and the Department of Education, Sport and Culture from disclosing information to each other for the purpose of statistical analysis to be used to inform Government strategy or for any other similar purpose.

(2) Information obtained under subsection (1) must not be disclosed except —
   (a) for a purpose mentioned in that subsection; or
   (b) with the consent of the provider.

(3) Any person who discloses information under subsection (1) shall not be guilty of an offence under section 106(3) of this Act.

(4) If any person fails to comply with subsection (2) they shall be guilty of an offence.
PART 15 - REPAYMENTS

107 Repayment of tax

[1946/102 amended by 1955(2)/4; 1958/4]

(1) If it is proved to the satisfaction of the Assessor that the amount paid on any assessment is in excess of the amount properly chargeable, the person who has paid the same shall be entitled to have the amount so in excess refunded.

(2) All claims for repayment under this section shall be made within six years from the end of the year of assessment in respect of a non-corporate taxpayer and within 4 years from the end of the accounting period to which the assessment relates in respect of a corporate taxpayer, and any claim not made within such period shall be disallowed.

(3) The repayment shall be made by the Treasury on the certificate of the Assessor.

(4) This section shall not apply to any person whose assessment has been finally determined after contestation before the Assessor or Commissioners or on appeal to the Staff of Government Division or by virtue of section 86(6) of this Act.

107A Repayment supplements: corporate taxpayers

(1) Subject to the provisions of this section, where —

(a) income tax has been paid by or on behalf of a body corporate for an accounting period; and

(b) a repayment of that tax of not less than £250 is made by the Treasury after the end of 12 months following the end of that period,

the repayment shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount repaid at the rate of 0.5% per annum (calculated on a daily basis) for the period (if any) between the relevant time and the date on which repayment is made.

(2) For the purposes of subsection (1) —

(a) if the repayment is of tax that was paid after the end of the 12 months following the date on which the tax was due and payable, the relevant time is the date on which that tax was paid;

(b) in any other case, the relevant time is the end of the 12 months mentioned in that subsection.

(3) Subject to subsection (4), where a repayment to which subsection (1) applies is of tax paid in respect of two or more accounting periods, the repayment shall as far as possible be treated for the purposes of this
subsection as a repayment of tax paid in a later rather than an earlier period among those periods.

(4) Where in consequence of an assessment for any year of assessment there is made by the Treasury a repayment of income tax of not less than £250 to a corporate taxpayer, being an amount which takes account of tax overpaid or remaining unpaid for one or more earlier accounting periods, then —

(a) the repayment shall for the purposes of this subsection be attributable to such of the periods in question, and in such proportions, as may be determined in accordance with regulations made under and for the purposes of this subsection by the Treasury; and

(b) subsections (1) to (3) shall have effect in relation to so much of the repayment as is by virtue of paragraph (a) attributed to any particular accounting period as if in subsection (1) the words “of not less than £250” were omitted.

(5) The Treasury may by regulations from time to time increase or decrease the rate of interest by reference to which repayment supplements are calculated under this section.

(6) A repayment supplement shall not be payable under this section in respect of a repayment or payment made in consequence of an order or judgment of a court having power to allow interest on the repayment or payment.

(7) This section shall not apply in respect of a repayment of income tax that falls due by reason of —

(a) a claim made under section 27A of this Act under which the whole or any part of a loss incurred in any period is set off against profits of an earlier period; or

(b) a claim for any group relief under Schedule 2 to the Income Tax Act 1980 under which a body corporate in the same group as the claimant surrenders trading losses or other amounts eligible for relief from income tax for the benefit of the claimant.

(8) If a corporate taxpayer —

(a) is liable to a civil penalty under section 112A on the grounds that it has not made and delivered a return of income; or

(b) is not so liable and an assessment in default of a return of income is made under section 86A,

no repayment supplement shall be due to that taxpayer in the case of any repayment of tax in respect of the accounting period to which the relevant return relates.

(9) A repayment supplement paid to any person under this section shall not be income of that person for any tax purposes.
(10) Regulations under this section shall be laid before Tynwald.

(11) No supplement shall be paid under this section in respect of any period preceding the date on which this section comes into operation.\(^{713}\)

107B Repayment supplements: non-corporate taxpayers

(1) Subject to the following provisions of this section, a repayment of an amount of not less than £100 made by the Treasury in respect of —

(a) an amount paid on account of income tax under section 96B for a year of assessment in which the non-corporate taxpayer was resident in the Isle of Man;\(^ {714}\)

(b) income tax paid by or on behalf of any non-corporate taxpayer for a year of assessment in which a non-corporate taxpayer was resident in the Isle of Man,

shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount repaid at the rate of 0.5% per annum for the period (if any) between the relevant time and the date on which the order for the repayment is issued.\(^ {715}\)

(2) For the purposes of subsection (1), if the repayment is the repayment of —

(a) an amount paid in accordance with the requirements of section 96B on account of income tax for a year of assessment;\(^ {716}\)

(b) income tax for such a year which is not income tax deducted at source; or

(c) income tax deducted at source for a year of assessment,

the relevant time is the 6 January in the year to which the payment relates but, if the non-corporate taxpayer has failed by that date to pay a sum equal to either —

(i) the full amount required to be paid under section 96B; or\(^ {717}\)

(ii) the amount of income tax finally assessed as due and payable,

whichever is the lower, the relevant time is the day after full payment is made of the amount of income tax assessed as due and payable.

(3) For the purposes of subsection (2), where a repayment in respect of income tax for a year of assessment is made to any non-corporate taxpayer, that repayment —

(a) shall be attributed to the payment made by him under section 96B on account of income tax for that year;\(^ {718}\)

(b) in so far as it exceeds the amount (if any) to which it is attributable under paragraph (a), shall be attributed to income tax deducted at source for that year; and
(c) in so far as it is attributable to a payment made in instalments, shall be attributed to a later instalment before being attributed to an earlier one.

(4) In this section any reference to income tax deducted at source for a year of assessment is a reference to income tax deducted or treated as deducted from any income, or treated as paid on any income, in respect of that year.

(5) The Treasury may by order increase or decrease the rate of interest by reference to which repayment supplements are calculated under subsection (1).

(6) A repayment supplement shall not be payable under this section in respect of a repayment or payment made in consequence of an order or judgment of a court having power to allow interest on the repayment or payment.

(7) A repayment supplement paid to any non-corporate taxpayer under this section shall not be income of that taxpayer for any tax purposes.

(8) An order under this section shall not come into operation unless it is approved by Tynwald.

(9) No interest shall be paid under this section in respect of any period preceding the date on which this section comes into operation.

(10) If a non-corporate taxpayer —

(a) is liable to a civil penalty under section 111D on the grounds that he has not made and delivered a return of income; or

(b) is not so liable and an assessment in default of a return of income is made under section 86,

no repayment supplement shall be due to that taxpayer in the case of any repayment of tax in respect of the year of assessment to which the relevant return relates.

(11) This section shall not apply in respect of a repayment of income tax that falls due by reason of a claim made under section 27A of this Act under which the whole or any part of a loss incurred in any period is set off against profits of an earlier period.

(12) Subsections (1) to (11) shall apply in relation to the trustees of a settlement or personal representatives as they apply in relation to a non-corporate taxpayer.

(13) For the purposes of this section income tax deducted by virtue of the Income Tax (Instalment Payments) Act 1974 from a person’s remuneration during any year of assessment shall be treated as paid by him for that and no other year of assessment.
PART 16 - DIFFERENTIAL TAX RATES: ANTI-AVOIDANCE

DIVISION 1 – ANTI-AVOIDANCE PROVISIONS

A108 Loans to participators, etc

(1) This section applies to all corporate taxpayers.

(2) Subsection (3) applies if the corporate taxpayer makes any loan or advances any money to an individual who is liable to income tax in the Isle of Man and who is —

(a) a participator in the corporate taxpayer; or
(b) an associate of a participator; or
(c) an officer of the corporate taxpayer; or
(d) an associate of an officer of the corporate taxpayer,
otherwise than in the ordinary course of a business carried on by the corporate taxpayer (which includes the lending of money).

(3) If this subsection applies, there shall be assessed on and recoverable from the corporate taxpayer, as if it were an amount of income tax chargeable on the corporate taxpayer for the accounting period in which the loan or advance is made, an amount equal to such proportion of the amount of the loan or advance as corresponds to the higher rate for individuals under section 1 of the Act in force for the year of assessment in which the loan or advance is made.

(4) Subsection (3) is subject to the following provisions of this section and to the provisions of sections B108 to J108.

(5) Subsection (3) shall not apply to a loan advanced at a normal commercial rate if —

(a) the ordinary business carried on by the corporate taxpayer includes the lending of money; and
(b) the corporate taxpayer is authorised by a financial regulator to carry on a business which includes the lending of money.

(6) The amount assessed under subsection (3) shall not be deductible in computing the profits for the purposes of income tax.

B108 Section A108: treatment of certain loans

(1) For the purposes of section A108, the cases in which the corporate taxpayer is to be regarded as making a loan to any person shall include a case where —

(a) that person incurs a debt to the corporate taxpayer, or
(b) a debt due from that person to a third person is assigned to the corporate taxpayer, and in such a case the corporate taxpayer shall be regarded as making a loan of an amount equal to the debt.

(2) Subsection (1)(a) shall not apply to a debt incurred for the supply by the corporate taxpayer of goods or services in the ordinary course of its trade or business unless the period of credit given exceeds 6 months or is longer than that normally given to the corporate taxpayer’s customers.

(3) Section A108(3) shall not apply to a loan made to a director or employee of the corporate taxpayer, or of an associated corporate taxpayer of the corporate taxpayer, if —

   (a) the borrower works full-time for the corporate taxpayer or any of its associated corporate taxpayers; and
   
   (b) the borrower does not have a material interest in the corporate taxpayer or in any associated corporate taxpayer of the corporate taxpayer; and
   
   (c) such other conditions as are prescribed by order made by the Treasury are complied with.

(4) If a borrower referred to in subsection (3)(b) acquires a material interest in the corporate taxpayer or in any associated corporate taxpayer of the corporate taxpayer at a time when the whole or part of any such loan remains outstanding, the corporate taxpayer shall be regarded as making to the borrower at that time a loan of an amount equal to the sum outstanding.

(5) Where, after a corporate taxpayer has been assessed to tax under section A108 in respect of any loan or advance, the loan or advance or any part of it is repaid to the corporate taxpayer, relief shall be given from that tax or a proportionate part of that tax by discharge or repayment.

(6) Relief under subsection (5) shall be given on a claim which shall be made within 4 years from the end of the accounting period in which the repayment is made and shall be treated on a first in first out basis.

(7) For the purposes of this section, a person has a “material interest” in a corporate taxpayer if the person, either alone or with one or more of the person’s associates, or if any associate of the person with or without any such other associates, is the beneficial owner of, or is able directly or indirectly, to control, more than 5% of the ordinary share capital of the corporate taxpayer.

(8) An order under subsection (3)(c) shall not come into operation unless it is approved by Tynwald.
C108 Loans through intermediaries, etc

(1) Where under arrangements made by any person otherwise than in the ordinary course of a business carried on by that person —

(a) the corporate taxpayer makes a loan or advance which apart from this subsection does not give rise to any charge on the corporate taxpayer under section A108(3), and

(b) some person other than the corporate taxpayer makes a payment or transfers property to, or releases or satisfies (in whole or in part) a liability of, an individual who is a participator in the corporate taxpayer or an associate of a participator or an officer of the corporate taxpayer or an associate of an officer, then, unless in respect of the matter referred to in paragraph (b) there is to be included in the total income of the participator, officer or associate an amount not less than the loan or advance, this section shall apply as if the loan or advance had been made to the participator, officer or associate.

(2) In subsection (1)(b) and section A108(2), the references to an individual apply also to —

(a) a corporate taxpayer receiving the loan or advance in a fiduciary or representative capacity; and

(b) to a corporate taxpayer not resident in the Island.

(3) In a case where the corporate taxpayer is not resident in the Island, the amount assessed on and recoverable from the corporate taxpayer under section A108(3) shall be payable by the borrower on behalf of the corporate taxpayer and shall be a debt due by the borrower in all respects as income tax due under the Income Tax Acts.

(4) For the purposes of this section and sections A108 and Section B108, any participator in, or officer of, a corporate taxpayer which controls another corporate taxpayer shall be treated as being also a participator in, or officer of, that other corporate taxpayer.

D108 Effect of release, etc of debt in respect of loan under section A108

(1) Subject to this section, where the corporate taxpayer is assessed or liable to be assessed under section A108(3) in respect of a loan or advance and it releases or writes off the whole or part of the debt in respect of the loan or advance, then —

(a) for the purpose of computing the total income of the person to whom the loan or advance was made, a sum equal to the amount so released or written off shall be treated as income received by such person after deduction of income tax (of such amount as was paid or payable by the corporate taxpayer under section A108(3))
in respect of the amount of the loan or advance that is released or written off) from a corresponding gross amount;\(^7\)

(b) no repayment of income tax shall be made in respect of that income;

(c) the notional deduction of income tax under paragraph (a) shall not relieve the person to whom the loan or advance was made of any obligation to account for tax.\(^\)\(^8\)

(1A) If in respect of a year of assessment —

(a) an amount is treated as income received by a person under subsection (1)(a); and

(b) that person has paid or is liable to pay income tax under the Income Tax Acts on that income,

that person shall be entitled to relief from income tax paid or payable on the said income of an amount equal to the lesser of the two following amounts —

(a) the amount of income tax as was paid or payable by the corporate taxpayer under section A108(3) in respect of the amount of the loan or advance that is released or written off; and\(^7\)

(b) the marginal amount.\(^7\)

(1B) In subsection (1A), “marginal amount” means the amount obtained by the formula —

\[ A - B \]

where —

“A” is the total amount of the income tax payable by a person under this Act for any year of assessment; and

“B” is the total amount of income tax which would be payable by that person under this Act in respect of that year of assessment if the amount treated as income received under subsection (1)(a) were to be disregarded.\(^7\)

(2) If the loan or advance referred to in subsection (1) was made to a person who has since died, or to trustees of a trust which has come to an end, this section, instead of applying to the person to whom it was made, shall apply to the person from whom the debt is due at the time of release or writing off (and accordingly, if it is due from such person as personal representative, the amount treated as received by such person shall be chargeable to income tax at the higher rate for individuals under section 1 of the Act), and subsection (1) shall apply accordingly with the necessary modifications.\(^7\)

(3) Where the whole or part of the debt in respect of a loan or advance made to an individual is released or written off —
(a) subsections (1) and (2) shall not have effect in relation to the loan or advance if, under section 2G, the amount so released or written off falls to be treated as income attributable to the employment of that individual; and

(b) but without prejudice to the generality of section 2G, that section shall (subject to section 2H) continue to apply to such amount as income attributable to the employment of that individual.

(4) Subsections (1) to (3) shall be construed together with sections A108 to C108.757

E108 Returns

(1) If a corporate taxpayer —

(a) makes any loan or makes an advance of money and the advance or loan falls within section A108(1); or

(b) receives repayment of such a loan or advance; or

(c) releases or writes off the whole or part of a debt under such a loan or advance,

it shall submit a return of the transaction to the Assessor.758

(2) A return under this section shall be submitted to the Assessor with the return of income under section 66 of this Act.

(3) A corporate taxpayer that fails to submit a return under this section is guilty of an offence and is liable on summary conviction to a fine not exceeding £5,000.759

(4) In proceedings against a person for an offence under this section it shall be a defence for him to show that he took all reasonable steps and exercised all due diligence to avoid committing the offence.

(5) If an offence under this section committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to neglect on the part of, a director, manager, secretary or other similar officer of the body corporate or a person who was purporting to act in such a capacity, he, as well as the body corporate, is guilty of the offence and liable to be proceeded against and punished accordingly.

(6) Where the affairs of a body corporate are managed by its members, subsection (5) applies in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.760
DIVISION 2 – DEFINITIONS FOR PART 761

F108 Participator

(1) In this Part —

“participator”, in relation to any corporate taxpayer, means a person having a share or interest in the capital or income of the corporate taxpayer and, without prejudice to the generality of the foregoing, includes —

(a) any person who possesses, or is entitled to acquire, share capital or voting rights in the corporate taxpayer; 762

(b) any loan creditor of the corporate taxpayer; 763

(c) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the corporate taxpayer or any amounts payable by the corporate taxpayer (in cash or in kind) to loan creditors by means of premium on redemption; 764

and

(d) any person who is entitled to secure that income or assets (whether present or future) of the corporate taxpayer will be applied directly or indirectly for such person’s benefit. 765 766

(2) References in subsection (1) to being entitled to do anything apply where a person is entitled to do it at a future date or will at a future date be entitled to do it.

(3) Subsection (1) is without prejudice to any particular provision of this Part requiring a participator in one corporate taxpayer to be treated as being also a participator in another corporate taxpayer. 767 768

G108 Associate

(1) In this Part, but subject to subsections (2) and (3), “associate”, in relation to a participator, means —

(a) any relative or partner of the participator,

(b) the trustee or trustees of any settlement in relation to which the participator is, or any relative (living or dead) of the participator is or was, a settlor, and

(c) where the participator is interested in any shares or obligations of the corporate taxpayer which are subject to any trust or are part of the estate of a deceased person, any other person interested in those shares or obligations, and has a corresponding meaning in relation to a person other than a participator. 769 770

(2) In subsection (1), “relative” means spouse, civil partner, ancestor, lineal descendant, brother or sister. 771
(3) Subsection (1)(c) shall not apply so as to make an individual an associate as being entitled or eligible to benefit under a trust —

(a) if the trust relates exclusively to a collective investment scheme within the meaning of the Collective Investment Schemes Act 2008; or

(b) if the trust is exclusively for the benefit of the employees, or the employees and directors, of the corporate taxpayer or their dependants (and not wholly or mainly for the benefit of the directors or their relatives) and the individual in question is not (and could not as a result of the operation of the trust become), either on his or her own or with his or her relatives, the beneficial owner of more than 5 per cent of the ordinary share capital of the corporate taxpayer, and, in applying subparagraph (b), any charitable trusts which may arise on the failure or determination of other trusts shall be disregarded.

H108 Director

In this Part, but subject to subsection (2), “director” includes any person —

(a) occupying the position of director by whatever name called,

(b) in accordance with whose directions or instructions the directors are accustomed to act, and

(c) who is a manager of the corporate taxpayer or otherwise concerned in the management of the corporate taxpayer’s trade or business.

I108 Associated corporate taxpayer

(1) For the purposes of this Part, a corporate taxpayer shall be treated as another corporate taxpayer’s associated corporate taxpayer at a particular time if, at that time or at any time within one year previously, one of the two corporate taxpayers has control of the other corporate taxpayer, or both corporate taxpayers are under the control of the same person or persons.

(2) For the purposes of this Part, a person shall be taken to have control of a corporate taxpayer if such person exercises, or is able to exercise or is entitled to acquire, control, whether direct or indirect, over the corporate taxpayer’s affairs, and in particular, but without prejudice to the generality of the foregoing, if such person possesses or is entitled to acquire —

(a) the greater part of the share capital or issued share capital of the corporate taxpayer or of the voting power in the corporate taxpayer;
(b) such part of the issued share capital of the corporate taxpayer as would, if the whole of the income of the corporate taxpayer were distributed among the participators (without regard to any rights which such person or any other person has as a loan creditor), entitle such person to receive the greater part of the amount so distributed, or

(c) such rights as would, in the event of the winding up of the corporate taxpayer or in any other circumstances, entitle such person to receive the greater part of the assets of the corporate taxpayer which would then be available for distribution among the participators.

(3) Where 2 or more persons together satisfy any of the conditions of subsection (2), they shall be taken to have control of the corporate taxpayer.

(4) For the purposes of subsection (2), a person shall be treated as entitled to acquire anything which such person is entitled to acquire at a future date or will at a future date be entitled to acquire.

(5) For the purposes of subsections (2) and (3), there shall be attributed to any person any rights or powers of a nominee for such person, that is, any rights or powers which another person possesses on such person’s behalf or may be required to exercise on such person’s direction or behalf.

(6) For the purposes of subsections (2) and (3), there may also be attributed to any person all the rights and powers of—

(a) any corporate taxpayer of which such person has, or such person and associates of such person have, control,

(b) any 2 or more corporate taxpayers of which such person has, or such person and associates of such person have, control,

(c) any associate of such person,

(d) any 2 or more associates of such person,

including the rights and powers attributed to a corporate taxpayer or associate under subsection (5).

J108 Loan creditor

In this Part, “loan creditor”, in relation to a corporate taxpayer, means a creditor in respect of—

(a) any debt incurred by the corporate taxpayer for—

(i) any money borrowed or capital assets acquired by the corporate taxpayer,

(ii) any right to receive income created in favour of the corporate taxpayer,
consideration the value of which to the corporate taxpayer was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium on the debt),\textsuperscript{788} or

(b) any redeemable loan capital issued by the corporate taxpayer.\textsuperscript{789}

\textbf{PART 17 - PENALTIES}\textsuperscript{791}

\textbf{108 Failing to deliver a return or making untrue return}
[1946/103]

(1) Every person required by this Act to make or deliver any return or statement in writing or to comply with any notice or regulation made by the Assessor, or to give any certificate, who fails or refuses to do so in the time and manner required by this Act, or makes or delivers an untrue return, statement, or certificate as to any of the matters required by this Act, shall be guilty of an offence against this Act.

(2) If any person is convicted of an offence under subsection (1) of this section in respect of a failure to deliver any return or statement or to comply with any notice or regulation made by the Assessor, or to give any certificate, the court may order that person to take such action as is necessary to rectify such failure.\textsuperscript{792}

\textbf{109 Obstructing officers}
[1946/104]

Every person who assaults, molests, obstructs, threatens, or hinders any person employed in the execution of any duty under or by virtue of this Act shall be guilty of an offence against this Act.

\textbf{110 False statements made to obtain allowances}
[1946/105]

If any person, for the purpose of obtaining any allowance, reduction, rebate, relief or repayment in respect of income tax, either for himself or for any other person, or in any return made with reference to income tax, knowingly makes any false statement or false representation, he shall be guilty of an offence against this Act.

\textbf{111 Fraudulent conversion of property or making fraudulent statements}
[1946/106]

(1) Where a person who ought to be charged with income tax, as directed by this Act, is not, or cannot be duly assessed and charged by reason that he has —
(a) fraudulently changed his place of residence or fraudulently converted or fraudulently released, assigned, or conveyed any of his property; or
(b) fraudulently or negligently made or delivered any statement or return which is incorrect; or
(c) fraudulently converted any of his property, which was chargeable, by altering any security relating thereto, or by fraudulently rendering it temporarily unproductive, in order not to be charged for the same or any part thereof; or
(d) been guilty of any falsehood, wilful neglect, fraud, covin, art, or contrivance whatsoever; or
(e) fraudulently or negligently failed to make or deliver any return which is required to be made or delivered by this Act, such person shall, on proof thereof to the Assessor, be assessed and charged double the amount or, in the case of fraud, treble the amount of the charge which ought to have been made upon him, and he shall have a like right of appeal as provided by this Act in the case of contested assessments:

Provided that, if any charge has been made, but that charge is less than the charge which ought to have been made, such person shall be assessed and charged, over and above the former charge, double the amount or, in the case of fraud, treble the amount of the difference between the charge which was made and the charge which ought to have been made, such amount to be added to the assessment.

(2) A person who knowingly and wilfully aids, abets, assists, incites, or induces another person to make or deliver a false or fraudulent account, statement, or declaration, of or concerning any profits or gains chargeable, or the yearly rent or value of any lands, tenements, or hereditaments, or any matters affecting any such rent or value, shall be guilty of an offence against this Act.

(3) The Assessor may, if he thinks fit, authorise the remission of any charge or portion of a charge payable under this section.

(4) An assessment and charge under subsection (1) above may be made at any time.

111A Interest on overdue tax

(1) Any tax charged by any assessment to income tax under the Income Tax Acts shall carry interest at the prescribed rate from the relevant date until payment.

(1A) For the purposes of subsection (1), the relevant date —
Section 111

(a) in respect of a non-corporate taxpayer who has failed to pay the full amount required to be paid under section 96B by 6 January in the year to which the payment relates, is 6 January in that year;\(^{799}\)

(b) in respect of a non-corporate taxpayer who has not made and delivered a return under this Act by 5 April in the year following the year of assessment to which the return relates, is the date on which the tax becomes due and payable;

(c) in all other cases, is the date on which the tax becomes due and payable, whichever is the sooner.\(^{800}\)

(2) In subsection (1), the words “tax charged by any assessment to income tax” shall include an amount assessed and charged under section 111(1) of this Act.

(3) Interest payable under this section shall be paid without any deduction of income tax and shall not be allowed as a deduction in computing any income, profits or losses for any income tax purposes.

(4) A certificate of the Assessor that interest is payable under this section and that payment of the interest has not been made, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Assessor.

(5) The Assessor may, if he thinks fit, authorise the remission of any amount of interest payable under this section.

(6) A certificate under this section shall be deemed to be authentic, and no proof shall be required of the signature or of the official character of the person signing the same as Assessor.

(7) Interest payable under this section shall be recoverable as a debt due to the Assessor from the person by whom the tax, in respect of which interest is charged, is payable.

(8) This section extends to assessments notwithstanding that they were made before the date on which this section comes into operation or were made for years of assessment which have ended before that date, but interest shall not be treated as having begun to run under this section from any date before this section comes into operation.

(9) In subsection (1), “the prescribed rate” means the rate of interest prescribed by order of the Treasury for the purposes of that subsection and the Treasury may prescribe a different rate of interest (to be known as the “surcharge rate”) in respect of cases to which subsection (1A)(b) applies.\(^{801}\)

(10) An order under subsection (9) shall be laid before Tynwald.
Interest charged under this section shall not be treated as a debt due to the Crown or to any person on behalf of the Crown for the purposes of section 3 of the Preferential Payments Act 1908.

111B Interest on tax recovered to make good loss due to tax-payer’s default

(1) This section applies where an assessment has been made for the purpose of making good a loss of tax wholly or partly attributable to the fraud, wilful default or neglect of any person.

(2) The tax charged by the assessment, or as the case may be such part of the assessment as corresponds to the part so attributable, shall carry interest under section 111A from —

(a) in the case of a non-corporate taxpayer, 6 January following the year of assessment to which the assessment relates until payment; and

(b) in the case of a corporate taxpayer, the day following the expiry of 12 months from the end of the accounting period to which the assessment relates.

PART 18 - TAX RETURN DEFAULTERS - CIVIL PENALTIES

DIVISION 1 – NON-CORPORATE TAXPAYERS

111C Initial default

(1) If, by the last day on which a non-corporate taxpayer is required in accordance with section 62(1) or (4) or section 62A to make and deliver a return in respect of any year of assessment or part of a year of assessment, the non-corporate taxpayer has not made and delivered that return, the non-corporate taxpayer shall be liable to a civil penalty.

(2) If —

(a) a non-corporate taxpayer who is liable to a civil penalty under subsection (1) subsequently delivers a return; and

(b) the amount of tax assessed as due and payable is less than the amount of the penalty,

then the amount of the penalty shall be a sum equal to the amount of tax assessed as due and payable.

111D Extended default

(1) If a non-corporate taxpayer has not made and delivered —

(a) a return as required by section 62(1) before the expiry of the period of 12 months immediately following the end of the year of assessment to which the return relates; or
(b) a return as required by section 62(4) before the expiry of the period of 12 months immediately following the date on which a notice under that section was served by the Assessor; or

(c) a return as required by section 62A before the expiry of the period of 12 months immediately following the date on which the taxpayer ceases to be regarded as resident in the Isle of Man,

the non-corporate taxpayer shall be liable to a civil penalty.

(2) The penalty under this section is additional to any penalty under section 111C.807

111E Mitigation of penalties under sections 111C and 111D

(1) Where a person is liable to a penalty under section 111C or 111D the Assessor or, on appeal, the Commissioners may reduce the penalty to such amount (including nil) as he or they think proper.

(2) In the case of a penalty reduced by the Assessor under subsection (1), the Commissioners, on an appeal relating to the penalty, may cancel the whole or any part of the reduction made by the Assessor.

(3) The Assessor or the Commissioners shall not be entitled to take into account in exercising their powers under this section —

(a) the insufficiency of the funds available to any person for paying any income tax due or for paying the amount of the penalty;

(b) the fact that there has, in the case in question or in that case taken with any other cases, been no or no significant loss to the revenue;

(c) the fact that the person liable to the penalty or a person acting on his behalf has acted in good faith.808

111F Sections 111C to 111E: supplementary

(1) A penalty under section 111C or 111D shall not arise if the non-corporate taxpayer satisfies the Assessor or, on appeal, the Commissioners that there is a reasonable excuse for his having failed to make and deliver the return.

(2) For the purpose of subsection (1) —

(a) an insufficiency of funds to pay any income tax due is not a reasonable excuse; and

(b) where reliance is placed on any other person to perform any task, neither the fact of that reliance nor any dilatoriness on the part of the person relied upon is a reasonable excuse.

(3) Where by reason of having failed to make and deliver a return a non-corporate taxpayer is convicted of an offence under section 108 of this Act, the failure shall not also give rise to a penalty under section 111C or 111D.809
111G Amount of penalty

(1) The amount of the penalty under sections 111C(1) and 111D shall be £50 or such other sum as the Treasury may prescribe by order.

(2) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.

111H Collection of penalty

(1) A penalty under section 111C or 111D shall be recoverable as a debt due to the Assessor from the person in respect of whom the return should have been made.

(2) A certificate of the Assessor that a penalty is payable under section 111C or 111D and that payment of the penalty has not been made, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Assessor.

(3) A certificate under this section shall be deemed to be authentic, and no proof shall be required of the signature or of the official character of the person signing the same as Assessor.

(4) A penalty under section 111C or 111D shall be treated as a debt due to the Crown or to any person on behalf of the Crown for the purposes of section 3 of the Preferential Payments Act 1908.

(5) A penalty payable under section 111C or 111D shall be paid without any deduction of income tax and shall not be allowed as a deduction in computing any income, profits or losses for any income tax purposes.

111I Appeals

(1) An appeal shall lie to the Commissioners with respect to —
   (a) any liability to a penalty under sections 111C or 111D; or
   (b) a decision of the Assessor under section 111E,

   and the Commissioners may confirm, vary or reverse the penalty or, as the case may be, decision.

(2) The procedure with respect to an appeal under subsection (1) shall, with the necessary modifications, be the same as that for an appeal against an assessment.

111J Criminal offence: failure to make return

(1) If a non-corporate taxpayer has not made and delivered —
   (a) a return as required by section 62(1) before the expiry of the period of 24 months immediately following the end of the year of assessment to which the return relates; or
(b) a return as required by section 62(4) before the expiry of the period of 24 months immediately following the date on which a notice under that section was served by the Assessor; or

(c) a return as required by section 62A before the expiry of the period of 24 months immediately following the date on which the taxpayer ceases to be regarded as resident in the Isle of Man,

that non-corporate taxpayer shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding £5,000 or custody for a term not exceeding 6 months, or to both.

(2) If any non-corporate taxpayer is convicted of an offence under subsection (1), the court may order the non-corporate taxpayer to take such action as is necessary to rectify such failure.813

**DIVISION 2 - CORPORATE TAXPAYERS**814

112A Initial default

If, by the day following the expiry of 12 months from the end of the accounting period, a corporate taxpayer has not made and delivered a return as required by section A66, the corporate taxpayer shall be liable to a civil penalty.815

112B Extended default

(1) If a corporate taxpayer has not made and delivered a return as required by section A66 by the day following the expiry of 18 months from the end of the accounting period the corporate taxpayer shall be liable to a civil penalty.

(2) The penalty under this section is additional to any penalty under section 112A.816

112C Mitigation of penalties under sections section 112A or 112B

(1) Where a corporate taxpayer is liable to a penalty under section 112A or 112B the Assessor or, on appeal, the Commissioners may reduce the penalty to such amount (including nil) as they think proper.

(2) In the case of a penalty reduced by the Assessor under subsection (1), the Commissioners, on an appeal relating to the penalty, may cancel the whole or any part of the reduction made by the Assessor.

(3) The Assessor or the Commissioners shall not be entitled to take into account in exercising their powers under this section —

(a) the insufficiency of the funds available to any person for paying any income tax due or for paying the amount of the penalty;817

(b) the fact that there has, in the case in question or in that case taken with any other cases, been no or no significant loss to the revenue;
(c) the fact that the corporate taxpayer liable to the penalty or a person acting on that taxpayer’s behalf has acted in good faith.\textsuperscript{818}

112D Section 112A or 112B: supplementary

(1) A penalty under section 112A or 112B shall not arise if the corporate taxpayer satisfies the Assessor or, on appeal, the Commissioners that there is a reasonable excuse for having failed to make and deliver the return.

(2) For the purpose of subsection (1) —

(a) an insufficiency of funds to pay any income tax due is not a reasonable excuse; and

(b) where reliance is placed on any other person to perform any task, neither the fact of that reliance nor any dilatoriness on the part of the person relied upon is a reasonable excuse.

(3) Where by reason of having failed to make and deliver a return a corporate taxpayer is convicted of an offence under section 112I of this Act, the failure shall not also give rise to a penalty under section 112A or 112B.\textsuperscript{819}

112E Amount of penalty

(1) Subject to section 112F, the amount of the penalty under section 112A or 112B shall be such sum as the Treasury may prescribe by order.

(2) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.\textsuperscript{820}

112F Amount of penalty: successive defaults

(1) The amount of the penalty under section 112A or 112B is increased to such sum as the Treasury may prescribe by order where the corporate taxpayer has been liable to a penalty under either or both of those sections in respect of the two accounting periods immediately preceding the accounting period in respect of which the amount under this section is to be applied.

(2) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.\textsuperscript{821}

112G Penalty notice

(1) Subject to sections 112C and 112D, where the Assessor is satisfied on reasonable grounds that a penalty is or may be due under section 112A or 112B, the Assessor may issue a penalty notice to the corporate taxpayer and the penalty specified in a penalty notice shall be recoverable accordingly.
(2) The Assessor shall be treated as having reasonable grounds for the purposes of subsection (1) if the Assessor has reason to believe that the default referred to in either section 112A or 112B has arisen or for any reason is likely to arise.

(3) A penalty notice under this section shall have the same effect as a certificate under section 112H.\(^\text{822}\)

112H Collection of penalty

(1) A penalty under section 112A or 112B shall be recoverable as a debt due to the Assessor from the corporate taxpayer in respect of whom the return should have been made.

(2) A certificate of the Assessor that a penalty is payable under section 112A or 112B and that payment of the penalty has not been made, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Assessor.

(3) A certificate under this section shall be deemed to be authentic, and no proof shall be required of the signature or of the official character of the person signing the same as Assessor.

(4) A penalty under section 112A or 112B shall be treated as a debt due to the Crown or to any person on behalf of the Crown for the purposes of section 3 of the Preferential Payments Act 1908.

(5) A penalty payable under section 112A or 112B shall be paid without any deduction of income tax and shall not be allowed as a deduction in computing any income, profits or losses for any income tax purposes.\(^\text{823}\)

112I Criminal offence: failure to make return

(1) If a corporate taxpayer has not made and delivered a return as required by section A66 within 24 months of the end of the relevant accounting period, the taxpayer shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding £5,000 or custody for a term not exceeding 6 months, or to both.

(2) If any non-corporate taxpayer is convicted of an offence under subsection (1), the court may order the non-corporate taxpayer to take such action as is necessary to rectify such failure.

(3) Subsections (4) to (6) apply where an offence under subsection (1) is committed by a corporate taxpayer and it is proved that the offence —

(a) was committed with the consent or connivance of an officer of the corporate taxpayer, or

(b) was attributable to neglect on the part of an officer of the corporate taxpayer.
(4) The officer, as well as the corporate taxpayer, shall be guilty of the offence.

(5) Where an officer is convicted of an offence under subsection (1) by virtue of subsection (4), that officer shall be liable on summary conviction to a fine not exceeding £5,000 or custody for a term not exceeding 6 months, or to both.

(6) In this section “officer” includes —
(a) a director, manager or secretary,
(b) a person purporting to act as a director, manager or secretary,
(c) if the affairs of the body are managed by its members, a member.824

112J Appeals

(1) An appeal shall lie to the Commissioners with respect to —
(a) any liability to a penalty under section 112A or 112B; or
(b) a decision of the Assessor under section 112C,
and the Commissioners may confirm, vary or reverse the penalty or, as the case may be, decision.

(2) The procedure with respect to an appeal under subsection (1) shall, with the necessary modifications, be the same as that for an appeal against an assessment.825

PART 19 – EVASION OFFENCE AND GENERAL PROVISIONS ABOUT OFFENCES826

112K Offence: fraudulent evasion of income tax

(1) A person who fraudulently evades income tax commits an offence and is liable —
(a) on conviction on information, to custody for a term not exceeding 7 years, a fine or both; or
(b) on summary conviction —
(i) to custody for a term not exceeding 6 months,
(ii) a fine not exceeding £5,000 or three times the amount of tax evaded, whichever is greater, or
(iii) both.

(2) A person fraudulently evades income tax if the person is knowingly concerned in, or takes steps with a view to, fraudulent evasion of income tax liability (whether the liability is that of the person or anyone else).827
112L Penalty where no other punishment is provided

[1946/107]

Every person who shall be guilty of an offence against this Act, or of contravention of any regulations made under this Act shall be liable, on summary conviction, where no other punishment is provided, to a penalty not exceeding £5,000 and in default of payment to imprisonment for any term not exceeding six months.828

113 Proceedings for offences

[1946/108]

Proceedings for an offence against this Act or for a contravention of any regulation made under this Act shall be taken in the name of the Treasury or the Assessor, or of any person authorised thereto in writing by the Treasury or the Assessor, and the mode or procedure shall be according to any law for the time being in force regulating the procedure for offences punishable on summary conviction, but notwithstanding any other enactment to the contrary a complaint may be made at any time within a period of six years from the commission of the offence.829

114 Onus of proof on defendant

[1946/109]

Whenever in any proceedings under this Act the defendant claims that he has duly paid income tax, or made or delivered any return or statement, or performed any duty as required by this Act, or by any regulation made under this Act, the onus of proving such claim shall be on the defendant.

115 Onus of disproving guilty knowledge on defendant

[1946/110]

On the hearing of any information or complaint for an offence under this Act, or any regulations made under this Act, it shall not be necessary for a conviction to prove guilty knowledge or that the act charged was committed knowingly and the onus of disproving the same shall be on the defendant.

PART 20 - TEMPORARY TAXATION ORDERS830

115A Temporary taxation orders†

(1) Subject to the following provisions of this section, the Treasury may by order (a “TTO”) make such provision as may be made in an Act of Tynwald for —

† See also transitional provisions for s 115A in Schedule 3 para. 2 to this Act.
(a) the assessment, charge, collection, administration and recovery of income tax;

(aa) the implementation in the Island of, or compliance with, —

(i) any agreement or arrangement made in respect of taxation between the Government and the government of any other country or territory;

(ii) any international obligation in respect of taxation that extends to or affects the Island;

(iii) any regulation, directive, code or standard in respect of taxation that is made issued or established by the European Union, any international organisation or any multilateral body, where such regulation, directive, code or standard does not fall within sub-paragraph (i) or (ii);

(ab) without prejudicing the generality of paragraph (aa), the exchange of information and documents with any other country or territory for the purpose of implementing or complying with any agreement, arrangement, obligation, regulation, directive, code or standard referred to in that paragraph;

(ac) authorising the making of regulations and other instruments for the purpose of implementing or complying with any agreement, arrangement, obligation, regulation, directive, code or standard referred to in paragraph (aa);

(ad) authorising the making of regulations for the purpose of giving effect to a document which provides for the modification of such an agreement, arrangement, obligation, regulation, directive, code or standard;

(b) the whole or partial exemption from income tax;

(ba) the provision, calculation, credit (as an allowance against income tax or otherwise), payment and administration of taxation credits (including, but not limited to, personal allowance credit within the meaning of section 1 of the Income Tax Act 2003);

(c) the variation or abolition of any existing tax or taxation credit; and

(d) such consequential amendment of any Manx Legislation (including a Manx enactment) as may be necessary.

(2) A TTO shall not come into operation unless it is approved by Tynwald.

(3) Subject to subsections (4) and (5), a TTO shall, for the period expiring at the end of 24 months after the date on which the order is approved by Tynwald, have statutory effect as if contained in an Act of Tynwald.

(4) A TTO shall cease to have effect unless within the next 12 months after the day on which the order is approved by Tynwald —
(a) a Bill confirming the order is read a second time by the House of Keys, or
(b) a Bill is amended by the House of Keys so as to include provision confirming the order.\textsuperscript{542}

(5) A TTO shall also cease to have effect if —
(a) the provisions of the Bill confirming it are rejected during the passage of the Bill through the House of Keys, or
(b) an Act comes into operation which confirms or revokes the order; or
(c) the period specified in subsection (3) expires.\textsuperscript{543}

(6) When during any year of assessment a TTO has been made, the Treasury may not in that year again make the same order or an order having the same effect.\textsuperscript{544}

(7) Subsection (8) applies, subject to subsections (3) to (6), if a TTO (or a provision of the TTO or an amendment under it) applies to or from the commencement of, or during, a stated income tax year.\textsuperscript{545}

(8) Unless the TTO otherwise provides, the TTO, provision or amendment applies for all subsequent income tax years as well.\textsuperscript{546}

(9) On the coming into operation of a confirmatory Act or confirmatory provision for a TTO —
(a) subsections (3) to (6) cease to apply to the TTO;
(b) the TTO continues in operation, but as a permanent order;
(c) the Treasury may exercise powers under subsection (1) to amend, revoke or replace —
   (i) the permanent order;
   (ii) an amendment to Manx legislation (including a Manx enactment) made by the permanent order; or\textsuperscript{547}
   (iii) an amendment to the permanent order made by the confirmatory Act or confirmatory provision.\textsuperscript{548}

(10) A confirmatory Act or confirmatory provision is automatically repealed on the day after —
(a) for a confirmatory Act, its promulgation; or
(b) for a confirmatory provision contained in an Act (the “Act in question”) that is not a confirmatory Act, the promulgation of the Act in question.\textsuperscript{549}

(11) The automatic repeal does not —
(a) revive any Act or TTO the confirmatory Act or confirmatory provision amended as the amended Act operated before the amendment commenced;
(b) revive anything not in operation or existing when the amendment took effect; or
(c) affect the continuing operation of the amendment.858

(12) Despite the automatic repeal, the effect of a savings provision, transitional provision or validating provision under the confirmatory Act or confirmatory provision continues as if it were still in operation.851

(13) To avoid any doubt, this section does not limit section 57 of the Legislation Act 2015 (no revival if amendment or repeal repealed) and section 44 of the Interpretation Act 2015 (Manx legislation is always speaking) for the automatic repeal.852

(14) In this section —

“administration”, of income tax, includes instalment payments, deduction or repayment for income tax and any other matter for which provision is made by the Income Tax (Instalment Payments) Act 1974;853

“confirmatory Act”, for a TTO, means an Act containing only provisions of all or any of the following types —
(a) its long title;
(b) provisions about its citation or commencement;
(c) a confirmatory provision for the TTO;
(d) provisions amending the TTO or amending or repealing an enactment;
(e) another provision (for example, a part heading) that only identifies (or groups) provisions; or
(f) a savings provision, transitional provision or validating provision;854

“confirmatory provision”, for a TTO, means a provision of an Act the only effect of which provision is to confirm the TTO (with or without amending it);

“savings provision” means a provision —
(a) made or expressed to be made for a saving purpose; or
(b) that makes provision consequential on a provision mentioned in paragraph (a);

“transitional provision” means a provision —
(a) made, or expressed to be made, for a transitional purpose; or
(b) that makes provision consequential on a provision mentioned in paragraph (a); and

“validating provision” means a provision —
(a) made or expressed to be made to validate something that is or may be invalid; or
(b) that makes provision consequential on a provision mentioned in paragraph (a).

PART 21 - MISCELLANEOUS

116 Service of documents

(1) Subject to subsection (2) below, where any notice or other documents from the Treasury, the Assessor or any revenue officer is to be served under the Income Tax Acts, and no other method of service is prescribed, the same may be served by any one of the methods permitted under Part 4, Division 5 (service of documents) of the Interpretation Act 2015.

(2) Any notice or other document from the Treasury, the Assessor or any revenue officer which is to be served under the said Acts may be sent by prepaid registered post or recorded delivery to the last known place of abode or business of the person to whom it is to be sent, or, in the case of an association, to the registered or principal office thereof, and such service shall be deemed to have been effected at the time at which the packet would have been delivered in the ordinary course of post.

117 Failure of Assessor to act not to invalidate subsequent action

[1946/112]

Should the Assessor fail to hold a meeting or to make any appointment or to do any other act required by the Income Tax Acts, for the time being, within the time prescribed by such Acts, he shall so do as soon as may be after the expiration of that time, and any meeting so held, or appointment so made, or act so performed, shall be valid and effectual as if done within the prescribed time.

118 Effect of mistakes

[1946/113]

(1) An assessment, charge, or other proceeding which purports to be made in pursuance of the Income Tax Acts, shall not be quashed or deemed to be void or voidable for want of form, or be affected by reason of a mistake, defect, or omission therein, if the same is in substance and effect in conformity with, or according to, the intent and meaning of the Income Tax Acts, and if the person or property charged or intended to be charged or affected thereby is designated therein according to common intent and understanding.

(2) An assessment or charge made upon an assessment shall not be impeached or affected —

(a) by reason of a mistake therein as to —

(i) the name or surname of the person liable;

(ii) the description of any profits or property; or
(iii) the amount of tax charged;

(b) by reason of any variance between the notice and the certificate or charge or assessment, provided the same shall contain in substance and effect the particulars on which any charge or assessment is made.

118A Exclusion of extended limitation period

(1) Section 30(1)(c) of the Limitation Act 1984 (postponement of limitation period) does not apply in relation to a mistake of law relating to a taxation matter under the Income Tax Acts.

(2) Subsection (1) has effect in relation to actions brought on or after 1 January 2005.

(3) If, before 1 January 2005, —

(a) an action is brought in relation to which a defence of limitation would have been available if subsection (1) had been in force; or

(b) a claim is made on or after that date that by virtue of section 32 of the Limitation Act 1984 is treated as an action brought before that date and that claim would not have been allowed if subsection (1) had been in force,

the action (or so much of it as relates to a cause of action in respect of which a defence of limitation would have been available or, as the case may be, a claim would not have been allowed) shall be deemed to be discontinued on the passing of this Act and any payment made by the Treasury or the Assessor in or towards meeting their liability in the action (or so much of the action as so relates) may be recovered by them (with interest from the date of the payment).

(4) Nothing in this section affects a claim made before the 1 January 2005.

(5) The provisions of this section apply to any action or claim for relief from the consequences of a mistake of law, whether expressed to be brought on the ground of mistake or on some other ground (such as unlawful demand or ultra vires act).

(6) This section shall be construed as one with the Limitation Act 1984.861

119 Power of Tynwald to vary rates of allowances, etc, by resolution

[1968/9]

(1) Tynwald may, from time to time, in respect of any income tax year, by resolution vary any sums of money specified in this Act, including the calculation of rates of allowances, deductions and reductions, and any such variation shall continue to have effect in every subsequent income tax year until the same may be further varied by the resolution of Tynwald.
119A Meaning of “control” in certain contexts

For the purposes of, and subject to, the provisions of the Income Tax Acts which apply this section, “control”, in relation to a body corporate, means the power of a person to secure —

(a) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or

(b) by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate,

that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person, and, in relation to a partnership, means the right to a share of more than one-half of the assets, or of more than one-half of the income, of the partnership.

119B Territorial sea

[P1988/1/830]

(1) For the avoidance of doubt, it is declared that the territorial sea adjacent to the Isle of Man is for all purposes of income tax part of the Isle of Man.

(2) Any profit from exploration or exploitation activities or rights in the territorial sea adjacent to the Isle of Man shall be treated for the purposes of income tax as profits from activities or property in the Isle of Man.

(3) Any profits arising to any person not resident in the Isle of Man from exploration or exploitation activities or rights shall be treated for the purposes of income tax as profits of a trade carried on by that person in the Isle of Man through a branch or agency.

(4) Without prejudice to the generality of subsection (1), any remuneration from an office or employment in respect of duties performed in the territorial sea adjacent to the Isle of Man in connection with exploration or exploitation activities shall be treated for the purposes of income tax as remuneration in respect of duties performed in the Isle of Man.

(5) Schedule 2A shall have effect.

(6) In this section —

“branch or agency” means any factorship, agency, receivership, branch or management;

“exploration or exploitation activities” means activities carried on in connection with the exploration or exploitation of so much of the sea bed and subsoil and their natural resources as is situated in the Isle of Man and the territorial sea adjacent to it;
“exploration or exploitation rights” means rights to assets to be produced by exploration or exploitation activities or to interests in or to the benefit of such assets;

“remuneration” has the same meaning as in section 2C;

“trade” includes every trade, manufacture, adventure or concern in the nature of trade.864

119C Connected persons

[PI988/1/839]

(1) For the purposes of, and subject to the Income Tax Acts which apply this section, any question whether a person is connected with another shall be determined in accordance with this section (any provision that one person is connected with another being taken to mean that they are connected with one another).

(2) A person is connected with an individual if that person is the individual’s spouse or civil partner, or is a relative, or the wife or husband of a relative, of the individual or of the individual’s wife or husband.865

(3) A person, in his capacity as trustee of a settlement, is connected with any individual who in relation to the settlement is a settlor, with any person who is connected with such an individual and with a body corporate which, under subsection (9) is deemed to be connected with that settlement.

(4) Except in relation to acquisitions and disposals of partnership assets pursuant to bona fide commercial arrangements, a person is connected with any person with whom he is in partnership, and the spouse or civil partner or relative of any individual with whom he is in partnership.866

(5) A company is connected with another company —

(a) if the same person has control of both, or a person has control of one and persons connected with him, or he and persons connected with him, have control of the other; or

(b) if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person with whom he is connected.

(6) A company is connected with another person if that person has control of it or if that person and persons connected with him together have control of it.

(7) Any two or more persons acting together to secure or exercise control of a company shall be treated in relation to that company as connected with
one another and with any person acting on the directions of any of them to secure or exercise control of the company.

(8) In this section —

“company” includes any body corporate or unincorporated association, but does not include a partnership, and this section shall apply in relation to any unit trust scheme as if the scheme were a company and as if the rights of the unit holders were shares in the company;

“control” shall be construed in accordance with section 119A;

“relative” means brother, sister, ancestor or lineal descendant;

“settlement” includes any disposition, trust, covenant, agreement or arrangement;

“settlor”, in relation to a settlement, means any person by whom the settlement was made;

“unit trust scheme” has the same meaning as in the Collective Investment Schemes Act 2008.867

(9) In this section, a body corporate is connected with a settlement in any year of assessment if at any time in that year it is controlled (as defined by section 119A) by the trustees of the settlement.868

119D Power to pay rewards

The Treasury may at its discretion pay rewards in respect of any service which appears to it to merit reward rendered to it or the Assessor by any person in relation to any matter under the Income Tax Acts.869

119E Beginning and ending of accounting periods

[1988/1/12(2), (3), (5)-(7)]

(1) An accounting period of a corporate taxpayer begins whenever —

(a) the corporate taxpayer, not then being within the charge to income tax, comes within it, whether by the corporate taxpayer becoming resident in the Island or acquiring a source of income, or otherwise; or

(b) an accounting period of the corporate taxpayer ends without the corporate taxpayer then ceasing to be within the charge to income tax.

(2) An accounting period of a corporate taxpayer ends on the first occurrence of any of the following —

(a) the expiration of 12 months from the beginning of the accounting period;
Section 119

(b) an accounting date of the corporate taxpayer or, if there is a period for which the corporate taxpayer does not make up accounts, the end of that period;

(c) the corporate taxpayer beginning or ceasing to trade or to be, in respect of the trade or (if more than one) of all the trades carried on by it, within the charge to income tax;

(d) the corporate taxpayer beginning or ceasing to be resident in the Island;

(e) the corporate taxpayer ceasing to be within the charge to income tax.

(3) Subject to subsection (4), if a corporate taxpayer carrying on more than one trade makes up accounts of any of them to different dates, and does not make up general accounts for the whole of the corporate taxpayer’s activities —

(a) subsection (2)(b) applies with reference to the accounting date of such one of the trades as the Assessor may determine; but

(b) if the accounting date of each of the trades is more than 12 months from the beginning of the accounting period, the Assessor may make an assessment on the corporate taxpayer in respect of such period, not exceeding 12 months, as appears to the Assessor to be appropriate.

(4) If the Assessor is of the opinion on reasonable grounds, that no appropriate date can be determined for the purposes of subsection (3), the Assessor may make an assessment on the corporate taxpayer in respect of such period, not exceeding 12 months, as appears to the Assessor to be appropriate.

(5) If a corporate taxpayer is wound up, its accounting period ends and a new one begins with the commencement of the winding up, and each subsequent accounting period does not end otherwise than by —

(a) the expiration of 12 months from its beginning; or

(b) the completion of the winding up,

and subsections (1) to (3) will not apply in such a case.

(6) For the purposes of subsection (5), winding up commences —

(a) on the passing by the corporate taxpayer of a resolution for the winding up of the taxpayer; or

(b) on the presentation of a winding up petition if no such resolution has previously been passed and a winding up order is made on the petition; or

(c) on the doing of any other act for a like purpose in the case of a winding up otherwise than under the Companies Acts 1931 to 2004.
(7) A corporate taxpayer resident in the Island, if not otherwise within the charge to income tax, shall be treated as coming within the charge to income tax at the time when it commences to carry on business.

(8) Where a corporate taxpayer is the surviving company in respect of a merger which has taken place under Part X of the Companies Act 2006, the accounting period in respect of that corporate taxpayer ends and a new accounting period begins upon the issue of a certificate of merger under section 154 of the 2006 Act.

In this subsection, “merger” and “surviving company” each has the meaning given by section 152 of the Companies Act 2006.

119F Powers of Assessor in doubtful cases

(1) If the Assessor is of the opinion that the beginning or end of any accounting period of a corporate taxpayer is uncertain, the Assessor may make an assessment on the corporate taxpayer in respect of such period, not exceeding 12 months, as appears to the Assessor to be appropriate.

(2) The period under subsection (1) will be treated for all purposes as an accounting period of the corporate taxpayer unless either —

(a) on further facts coming to the Assessor’s knowledge, the Assessor sees fit to revise it; or

(b) on an appeal against the assessment in respect of some other matter the corporate taxpayer shows the true accounting periods.

(3) If on an appeal against an assessment under this section the corporate taxpayer shows the true accounting periods, the assessment appealed against will, as regards the period to which it relates, have effect as an assessment or assessments for the true accounting periods, and there may be made such other assessments for any such periods or any of them as might have been made at the time when the assessment appealed against was made.

119G Public documents to take account of civil partnerships

(1) A reference in a public document made under the Income Tax Acts to marriage is to be construed as including a reference to civil partnership.

(2) In particular —

(a) a reference to a husband, wife, spouse or married person is to include a reference to a civil partner;

(b) a reference to a widow or widower is to include a reference to a surviving civil partner;

(c) a reference to a former husband, former wife or former spouse is to include a reference to a former civil partner;
(d) a reference to a married couple is to include a reference to the partners of a civil partnership; and

(e) a reference to marrying or getting married is to include a reference to forming a civil partnership.

(3) In this section, “civil partnership” and “civil partner” each has the same meaning as in section 1 of the Civil Partnership Act 2011.873

120 Definitions

[1946/3]

(1) In this Act, if not inconsistent with the context, the following expressions shall have the meaning hereafter respectively assigned to them, that is to say —

“2006 company” has the meaning given in section 2N;874

“1986 Act company” has the meaning given in section 2N(3);875

“approved inspection” has the meaning given under section 106S(6);876

“arrangement order” has the meaning given under section 104B(1);877

“assessment” and “assessed” shall, in relation to corporate taxpayers, be construed in accordance with section 96(2);878

“Assessor” [Repealed]879

“assistance requirement” has the meaning given under section 105X(2);880

“association” means any company, corporate or unincorporate, fraternity, fellowship, society, or association of persons;

“authorised officer” means a person who, under section 105AA, holds appointment as an authorised officer;881

“Commissioners” means the Isle of Man Income Tax Commissioners continued in being by section eighty-eight of this Act;

“corporate taxpayer” means an association that is —

(a) a limited liability company;

(b) any other body corporate created by or under a statutory provision or charter (other than a corporation sole, a Scottish firm or a limited liability partnership);

(ba) a foundation within the meaning of the Foundations Act 2011;882

(c) an investment club;

(d) a members’ club;

(e) the Isle of Man Agricultural Marketing Society; or

(f) such person or class of persons as may be specified in an order made by the Treasury for the purpose of this definition and such
an order shall not come into operation unless it is approved by Tynwald,

and includes a receiver or liquidator of an association referred to in paragraphs (a) to (f) when exercising that office in respect of the association in question;\textsuperscript{883}

“\textit{double tax arrangement}” has the meaning given under section 104A;\textsuperscript{884}

“\textit{examine}”, the tax position of a person, means to ascertain or enquire into that position;\textsuperscript{885}

“\textit{the Governor in Council}” means the Governor acting on the advice and with the concurrence of the Council of Ministers;\textsuperscript{886}

“\textit{group relief}” has the meaning assigned to it by paragraph 1 of Schedule 2 to the \textit{Income Tax Act 1980};\textsuperscript{887}

“\textit{High Court}” or “\textit{Court}” means the High Court of Justice in the Isle of Man;

“\textit{Income Tax Acts}” means this Act and any other enactment relating to income tax;

“\textit{income tax year}” means the year commencing on the sixth April and ending on the fifth April next following;

“\textit{inspection powers}” has the meaning given under section 105S(5);\textsuperscript{888}

“\textit{inspection-related penalty}” has the meaning given under sections 105ZD(1) and 105ZE(2);\textsuperscript{889}

“\textit{investment company}” means an association incorporated in the Isle of Man, or a body corporate resident though not incorporated in the Isle of Man, the sole or principal object of business of which is the investment of money, and which does not bona fide engage to a substantial extent in any business, industrial or commercial undertaking other than the investment of money, and for the purpose of this definition the expression “the investment of money” shall include the sale and purchase of investments or securities or the under-writing of investments;

“\textit{Judge}” means a Judge of the High Court;

“\textit{Manx income tax}” and “\textit{Manx tax}” means income tax payable under the Income Tax Acts;

“\textit{member}” in relation to a corporate taxpayer, includes a shareholder, stockholder, member or associate, or a beneficiary under a foundation and a person is to be treated as a member of a corporate taxpayer if that person has any legal or equitable interest in the corporate taxpayer or in any share or stock of the corporate taxpayer;\textsuperscript{890}

“\textit{non-corporate taxpayer}” means a person that is not a corporate taxpayer;\textsuperscript{891}
“obstruct” includes assault, hinder, molest, resist, attempt to obstruct and threaten to obstruct;\textsuperscript{892}

“person” includes any association of persons, corporate or unincorporate;

“record-keeping regulations”: see section 105BB;\textsuperscript{893}

“revenue officer” means any officer so designated to be appointed from time to time under the provisions of the Income Tax Acts;

“tax position” means the position of a person (whether living or dead or, for a corporation, whose incorporation has ended) in relation to any or all of the following at any time or for any period —

(a) any past, present or future liability to income or other tax (including, in particular, any tax to which international arrangements relate) to which the person is or may be subject;

(b) the amount of the liability;

(c) penalties or other amounts that have been paid, or are or may be payable, by or to the person in connection with any such tax;

(d) claims, elections, applications and notices that have been or may be made or given in connection with any such tax;

(e) deductions or repayments of tax or interest due on such deductions or repayments, or of sums representing tax or interest on such sums, that the person is required to make under any Act relating to tax;

(f) the person’s place of residence for the purposes of any tax —

(i) payable in the Island; or

(ii) to which international arrangements relate; and

(g) the person’s status in relation to a relevant sector or as a high risk IP company (see sections 80B and 80D) and the substance requirement (see Part 6A).\textsuperscript{894 895}

“taxable income” means in the case of —

(a) an individual resident in the Isle of Man, his total income less the allowances (where the provisions of section 33 of this Act have been fulfilled) permitted under the Income Tax Acts;\textsuperscript{896}

(b) an association resident in the Isle of Man, the total income of the association less group relief;\textsuperscript{897}

(c) any other person, so much of the total income of that person as is under the provisions of the Income Tax Acts, liable to Manx income tax;\textsuperscript{898}

“total income” means in relation to any individual or association the total income of that individual or association from all sources, whether within or outside the Isle of Man, estimated in accordance with the provisions of the Income Tax Acts;
“traded option” means an option which is for the time being quoted on a stock exchange recognised by the Assessor, or on the London International Financial Futures Exchange;

“Treasurer” [Repealed]

“Treasury” means the Board of Tynwald called “the Treasury”;

“United Kingdom income tax” means the income tax chargeable under Parliamentary enactments relating to income tax;

“year of assessment” means the year commencing on the sixth April and ending on the fifth April following for or in respect of which income tax is payable.

(2) An example or note in or to a provision of this Act is part of this Act and part of the provision.

(3) An example of the operation of a provision is not exhaustive and may extend, but does not limit, the provision's meaning.

121 [Repealed]

122 Short title

This Act may be cited as the Income Tax Act, 1970.

123 Commencement and application

(1) This Act shall come into operation when the Royal Assent thereto has been by the Governor announced to Tynwald and a certificate thereof has been signed by the Governor and the Speaker of the House of Keys.

(2) This Act unless where otherwise provided shall apply to the year commencing on the sixth day of April, 1969, and to each succeeding year, but nothing in this Act contained or in enactments hereby repealed shall be deemed to affect the liability of any person to income tax for any year preceding the said sixth day of April, 1969, or any rights, remedies, penalties or obligations arising under any enactments with respect to such income tax.
Schedule 1

RETIREMENT ANNUITIES - AMOUNT OF RELIEF FOR PERSONS OVER FIFTY

Section 50

In the case of an individual whose age at the beginning of a year of assessment is within a range specified in the first column of the following table, section 50(1A) above shall have effect for that year with the substitution for 17.5 per cent of the relevant percentage specified in the second column.

<table>
<thead>
<tr>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>51 to 55</td>
<td>20 per cent.</td>
</tr>
<tr>
<td>56 to 60</td>
<td>22.5 per cent.</td>
</tr>
<tr>
<td>61 or more</td>
<td>27.5 per cent.</td>
</tr>
</tbody>
</table>

Schedule 1A

FORM OF WARRANT FOR DISTRAINT FOR OVERDUE INCOME TAX

Section 98A

INCOME TAX WARRANT

(This warrant is given under section 98A of the Income Tax Act 1970)

To the Coroner for.................................................................Sheading

I, ..................................................the Assessor of Income Tax DIRECT that you shall enforce this warrant in the same manner as an Execution of the High Court against ........................................................................................................ of

..........................................................................................................................

for tax amounting to .................................................................£

interest at the rate of  p.a. up to

and including .................................................................£

TOTAL £ __________

which the said .................................................................is required to pay under the provisions of the (Income Tax Acts) (the Company Registration Tax Act 1974)* but which, despite the demand having been made of him, he has not paid.

This day of 20

Assessor of Income Tax

*Delete whichever is inapplicable.

[Act replaced by the Non-Resident Company Duty Act 1986.]
TAXATION IN RESPECT OF CARS AND FUEL

[Sections 2I and 2J]

PART I - TABLE OF CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Cylinder capacity of car (in cubic centimetres)</th>
<th>Cash equivalent in respect of car for purposes of section 2I</th>
<th>Cash equivalent in respect of fuel for purposes of section 2J</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric car (regardless of cylinder capacity)</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>1,000 or less</td>
<td>£800</td>
<td>£800</td>
</tr>
<tr>
<td>1,001 to 1,200</td>
<td>£1,100</td>
<td>£950</td>
</tr>
<tr>
<td>1,201 to 1,800</td>
<td>£3,600</td>
<td>£1,500</td>
</tr>
<tr>
<td>1,801 to 2,500</td>
<td>£5,000</td>
<td>£1,750</td>
</tr>
<tr>
<td>2,501 to 3,500</td>
<td>£7,000</td>
<td>£2,000</td>
</tr>
<tr>
<td>3,501 to 5,000</td>
<td>£10,000</td>
<td>£2,250</td>
</tr>
<tr>
<td>More than 5,000</td>
<td>£12,000</td>
<td>£2,500</td>
</tr>
</tbody>
</table>

PART II - SUPPLEMENTARY PROVISIONS

1 Interpretation

For the purposes of the table —

(a) where a car derives its motive power wholly from an internal combustion engine worked by —
   (i) a cylinder or cylinders; or
   (ii) a rotor or rotors,

   its cylinder capacity is the cylinder capacity of its engine calculated as for the purposes of the Licensing and Registration of Vehicles Act 1985; and

(b) “electric car” —
   (i) means a vehicle intended for use on any public road, where the only source of power is electricity, usually provided by rechargeable batteries, but may also be provided by photovoltaic (solar) cells or a fuel cell; and
   (ii) does not include “hybrid” cars where more than one type of fuel or source of power can be used.
2 **Reduction for periods when car not available for use**

(1) If, for any part of the relevant year, the car was unavailable, the cash equivalent of the benefit of the car is to be reduced by an amount which bears to the full amount of the equivalent (ascertained under Part I) the same proportion as the number of days in the year on which the car was unavailable bears to 365.

(2) The car is to be treated as being unavailable on any day if —

(a) it was not made available to the employee until after that day, or it had ceased before that day to be available to the employee; or

(b) it was incapable of being used at all throughout a period of not less than 30 consecutive days of which that day was one.

3 **Reduction for employee paying for use of car**

If in the relevant year the employee was required, as a condition of the car being available for the employee’s private use, to pay any amount of money (whether by way of deduction from emoluments or otherwise) for that use, the cash equivalent of the benefit of the car —

(a) is to be reduced (or, if already reduced under paragraph 2, further reduced) by the amount so paid by the employee in or in respect of the year; or

(b) if that amount exceeds the equivalent shown in the table in Part I, is nil.

4 **Additional cars**

(1) If in any year a person is taxable under section 2I in respect of two or more cars which are made available concurrently, the cash equivalent in respect of each car —

(a) derived from the table in Part I; and

(b) where appropriate, reduced in accordance with paragraphs 2 and 3,

is to be aggregated with the cash equivalent in respect of each other car.

(2) If in any year a person is taxable under section 2J in respect of fuel provided for two or more cars which are made available concurrently, the cash equivalents derived from the table in Part I in respect of the fuel for each of those cars are to be aggregated.
Information

1. The holder of any licence granted under the *Petroleum Act 1986* shall, if required to do so by a notice served on him by the Assessor, give to the Assessor within the time limited by the notice (which shall not be less than 30 days) such particulars as may be required by the notice of —

   (a) transactions in connection with activities authorised by the licence as a result of which any person is or might be liable to income tax by virtue of section 119B or otherwise under this Act; and

   (b) remuneration or other payments paid or payable in respect of duties or services performed in an area in which those activities may be carried on under the licence and the persons to whom they were paid or are payable;

and shall take reasonable steps to obtain the information necessary to enable him to comply with the notice.

Collection

2. (1) Subject to the provisions of this Schedule, where income tax is assessed by virtue of section 119B on a person not resident in the Island in respect of —

   (a) profits from activities authorised, or carried on in connection with activities authorised, by a licence granted under the *Petroleum Act 1986*, or

   (b) profits from exploration or exploitation rights connected with activities so authorised or carried on,

then, if the income tax remains unpaid later than 30 days after it has become due and payable, the Assessor may serve a notice on the holder of the licence stating particulars of the assessment, the amount remaining unpaid and the date when it became payable, and requiring the holder of the licence to pay that amount, together with any interest due thereon under section 111A, within 30 days of the service of the notice.

   (2) Any amount which a person is required to pay by a notice under this paragraph may be recovered from him as if it were income tax due and duly demanded from him; and he may recover any such amount paid by him from the person on whom the assessment was made.

   (3) A payment in pursuance of a notice under this paragraph shall not be allowed as a deduction in computing any income, profits or losses for income tax purposes.

3. (1) Subject to paragraphs 4 to 7, the power of the Assessor under paragraph 2 to serve a notice in respect of income tax remaining unpaid as there mentioned shall also apply where —
(a) income tax is assessed on any person not resident in the Island as mentioned in paragraph 2(1)(a) or (b) but more than one licence under the Petroleum Act 1986 is the basis for the assessment; or

(b) income tax assessed on any such person includes, but is not limited to, income tax assessed on him as so mentioned (whether by reference to one or to more than one such licence);

but in any such case the amount the holder of any licence in question may be required to pay by a notice under paragraph 2 shall be the amount of income tax remaining unpaid under the assessment which is attributable to the profits in respect of which that licence was the basis for the assessment, together with a corresponding proportion of any interest due as mentioned in paragraph 2(1).

(2) For the purposes of sub-paragraph (1) the amount of the income tax remaining unpaid under the assessment which is attributable to the profits in respect of which any licence in question was the basis for the assessment is such part of the total amount of that income tax as bears to that total amount the same proportion as the proportion borne by the amount of the profits in respect of which that licence was the basis for the assessment to the total amount of the profits in respect of which the assessment was made.

4. Paragraph 2 does not apply in relation to the holder of any licence if the profits arose in consequence of a contract made by the holder of the licence before 1 January 1995, unless he is a person connected with the holder within the meaning of section 119C or the contract was substantially varied on or after that date.

5. Where, on an application made by a person who will or might become liable to income tax which, if remaining unpaid, could be recovered under paragraph 2 from the holder of a licence, the Assessor is satisfied that the applicant will comply with any obligations imposed on him by the Income Tax Acts, he may issue a certificate to the holder of the licence exempting him from the provisions of that paragraph with respect to any income tax payable by the applicant; and where such a certificate is issued that paragraph shall not apply to any such income tax which becomes due while the certificate is in force or, if the certificate is cancelled under paragraph 7, to any such income tax which becomes due after the cancellation of the certificate in respect of profits arising while the certificate is in force (referred to in this Schedule as “pre-cancellation profits”).

6. (1) Paragraph 5 is subject to this paragraph in any case where —

(a) after the cancellation of a certificate issued to the holder of a licence under that paragraph income tax is assessed as mentioned in paragraph 2(1)(a) or (b) on the person who applied for the certificate; and

(b) the relevant profits include, but are not limited to pre-cancellation profits.

(2) In this paragraph “the relevant profits” means —
(a) in a case where the amount of the income tax remaining unpaid under the assessment which, but for paragraph 5, the holder of the licence could be required to pay by a notice under paragraph 2 (referred to in this paragraph as the amount otherwise applicable in his case) is the whole of the amount remaining unpaid, all the profits in respect of which the assessment was made; or

(b) in a case where the amount otherwise applicable in his case falls under paragraph 3 to be determined by reference to profits in respect of which the licence was the basis for the assessment, the profits in question.

(3) In any case to which this paragraph applies, the amount the holder of the licence may be required to pay by a notice under paragraph 2 shall be the amount otherwise applicable in his case reduced by the amount of the income tax remaining unpaid under the assessment which is attributable to the pre-cancellation profits, together with a corresponding proportion of any interest due as mentioned in paragraph 2(1).

(4) For the purposes of sub-paragraph (3) the amount of the income tax remaining unpaid under the assessment which is attributable to the pre-cancellation profits is such part of the amount otherwise applicable in the case of the holder of the licence as bears to the whole of the amount otherwise so applicable the same proportion as the proportion borne by the amount of the pre-cancellation profits to the total amount of the relevant profits.

7. The Assessor may, by notice in writing to the holder of a certificate issued under paragraph 5, cancel the certificate from such date, not earlier than 30 days after the service of the notice, as may be specified in the notice.

8. (1) For the purposes of paragraphs 3 and 6 and this paragraph, profits in respect of which an assessment is made as mentioned in paragraph 2(1)(a) or (b) are profits in respect of which any licence in question was the basis for the assessment if those profits fall within paragraph 2(1)(a) or (b) by reference to that licence.

(2) In determining —

(a) for the purposes of paragraph 3(2) or 6(4), the amount of the profits in respect of which any licence was the basis for an assessment; or

(b) for the purposes of paragraph 6(4), the amount of any pre-cancellation profits;

the Assessor shall compute that amount as if for the purposes of making a separate assessment in respect of those profits on the person on whom the assessment was made, making all such allocations and apportionments of receipts, expenses, allowances and deductions taken into account or made for the purposes of the actual assessment as appear to the Assessor to be just and reasonable in the circumstances.
(3) A notice under paragraph 2 as it applies by virtue of paragraph 3 or 6 shall give particulars of the manner in which the amount required to be paid was determined.

Schedule 3

SAVINGS AND TRANSITIONAL PROVISIONS FOR INCOME TAX ACT 2013

1 Savings for repeals

(1) This paragraph applies for the repeal of —
   (a) the Income Tax Act 2013 (a “repealed enactment”) under that Act itself (the “2013 Act”);
   (b) other Income Tax Acts, or provisions of other Income Tax Acts, repealed by the 2013 Act (each also a “repealed enactment”); and
   (c) an amendment to a provision of an Income Tax Act or a temporary taxation order under a repealed enactment.

(2) The repeal does not —
   (a) revive a repealed enactment or the provision as it operated before the amendment commenced;
   (b) revive anything not in operation or existing when the amendment commenced; or
   (c) affect the continuing operation of the amendment.

(3) Subparagraph (4) applies if the repealed enactment included a provision that states, or is to the effect that, the amendment or a repealed enactment applies from a certain income tax year and subsequent income tax years.

(4) Despite the repeal, the provision as amended or the repealed enactment continues to apply, according to its terms, for all of those years.

(5) Despite the repeal of transitional provisions under the repealed enactments, the effect of those provisions continues as if they were still in operation.

(6) To avoid any doubt, this paragraph does not limit section 57 of the Legislation Act 2015 (no revival if amendment or repeal repealed) and section 44 of the Interpretation Act 2015 (Manx legislation is always speaking).

(7) In this section, “transitional provisions”, under the repealed enactments, means any of their provisions —
   (a) made, or expressed to be made, for a transitional purpose; or
   (b) that makes provision consequential on a provision mentioned in paragraph (a).
2  **Transitional provisions for s 115A**

(1) An order under section 15 of the repealed Income Tax Act 1995 ("section 15") becomes a permanent order under section 115A.

(2) If the context permits, a reference in an enactment or other document to —
   
   (a) section 15 is taken to be a reference to section 115A; and
   
   (b) a TTO or an order under section 15 is taken to be a reference to a TTO or permanent order (as the case requires) under section 115A.

(3) Section 115A(7) to (14) applies for a TTO under a repealed enactment as defined under paragraph 1(1)(a) or (b).

(4) In this section, “TTO” means temporary taxation order.
ENDNOTES

Table of Legislation History

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Year and No</th>
<th>Commencement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table of Renumbered Provisions

<table>
<thead>
<tr>
<th>Original</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table of Endnote References

1 Part 1 heading inserted by Income Tax (Amendment) Act 2014 Sch.
2 Subs (2) substituted by Income Tax (Amendment) Act 2006 s 7.
3 Subs (2A) substituted by Income Tax (Amendment) Act 2006 s 7.
4 Subs (3) substituted by Income Tax (Amendment) Act 2006 s 7.
5 Subs (3A) inserted by Income Tax (Amendment) Act 2006 s 7.
6 Subs (3B) inserted by Income Tax (Amendment) Act 2006 s 7.
7 Subs (3BA) inserted by Income Tax (Corporate Taxpayers) Act 2006 s 12.
8 Subs (3C) inserted by Income Tax (Amendment) Act 2006 s 7.
9 Subs (3D) inserted by Income Tax (Amendment) Act 2006 s 7 and amended by Interpretation Act 2015 s 106.
10 Subs (3E) inserted by Income Tax (Amendment) Act 2006 s 7.
11 S 1A repealed by Income Tax (Amendment) Act 2006 s 7.
12 Para (f) inserted by Income Tax (Amendment) Act 2014 s 6. [Original para (f) repealed by Income Tax Act 1989 s 57.]
18 S 2ZA inserted by SD2014/0019 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.
Endnotes

19 Subs (1) amended by SD2015/0015 in respect of the income tax year commencing 6 April 2015 and all subsequent years, by SD2017/0021 in respect of the income tax year commencing 6 April 2018 and all subsequent years and by SD2019/0022.
20 S 2ZB inserted by SD2014/0019 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.
21 S 2ZC inserted by SD2014/0019 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.
22 S 2ZD inserted by SD2014/0019 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.
24 Para (b) amended by SD2016/0026 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
25 Para (c) amended by SD2016/0026 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
26 Subs (2) amended by GC119/86, by SD155/10 Sch 2, by SD2016/0026 as confirmed by Income Tax Legislation (Amendment) Act 2017 s 4 and by SD2017/0325.
27 Subs (3) amended by GC119/86, by SD155/10 Sch 2, by SD2016/0026 as confirmed by Income Tax Legislation (Amendment) Act 2017 s 4 and by SD2017/0325.
31 Subs (7) repealed by SD2016/0026 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
33 Subs (9) inserted by SD2016/0026 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
34 S 2A inserted by Income Tax (Amendment) Act 1986 s 1.
35 Para (a) amended by SD2016/0026 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
36 Para (b) amended by SD2016/0026 and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
39 Ss 2D and 2E repealed by Income Tax Act 2000 s 1 having been repealed by Temporary Order SD149/99.
50 S 2I inserted by Income Tax Act 1989 Sch 1.
52 Subs (4) repealed by Income Tax Act 2009 s 7.
57 S 2KA inserted by Income Tax Act 2000 s 11.
59 Subs (1A) inserted by Income Tax (Amendment) Act 2004 s 14.
61 Subs (2A) inserted by Limited Liability Companies (Amendment) Act 2014 s 3.
62 Subs (2B) inserted by Limited Liability Companies (Amendment) Act 2014 s 3.
63 S 2M inserted by Limited Liability Companies Act 1996 s 46 (as amended).
64 S 2MA inserted by Limited Partnership (Legal Personality) Act 2011 s 3.
65 Subpara (ii) amended by Income Tax Legislation (Amendment) Act 2017 s.9, effective in relation to accounting periods ending on or after 06/04/2017 and thereafter.
66 Definition of “double taxation” amended by Income Tax (Amendment) Act 2017 s.9, effective in relation to accounting periods ending on or after 06/04/2017 and thereafter.
67 S 2N substituted by SD682/12 and confirmed by Income Tax (Amendment) Act 2014 s 4, effective tax year commencing 6/4/2012 and thereafter.
70 Subs (1) amended by SD2017/0377.
71 Subs (4) repealed by SD98/12 and confirmed by Income Tax Act 2013 s 2.
72 Subpara (v) inserted by SD2017/0377.
73 Definition of “member” amended by SD98/12 and confirmed by Income Tax Act 2013 s 2.
75 S 2PB inserted by SD2017/0377.
76 S 2Q inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
77 S 2R inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
78 S 2S inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
79 S 2T inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
80 S 2U inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
81 S 2V inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
82 S 2W inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
83 S 2X inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
84 S 2Z inserted by Income Tax (Amendment) Act 2006 s 8 with saving subs (2).
85 S 3 and 4 repealed by Income Tax (Corporate Taxpayers) Act 2006 s 2.
86 S 5 substituted by Income Tax (Corporate Taxpayers) Act 2006 s 19 effective year of assessment ending 5 April 2007 and thereafter.
87 S 6 and 7 repealed by Income Tax (Corporate Taxpayers) Act 2006 s 2.
90 Ss (1) amended by Civil Partnership Act 2011 Sch 14.
91 Ss (2) substituted by Income Tax Act 1974 s 8 and spent by virtue of the repeal of s 34 by Income Tax Act 1989 Sch 6.
92 Para (a) amended by Foreign Companies Act 2014 Sch.
93 Para (b) amended by Financial Services Act 2008 Sch 6.
94 Para (g) amended by Income Tax Act 2013 s 7 and by SD2014/08.
95 Para (e) amended by Interpretation Act 2015 s 106.
97 Ss 12 to 13M repealed by SD847/11 and confirmed by Income Tax Act 2013 s 2, with saving and transitional provisions for the Attribution Regime for Individuals see para 5 SD847/11 for the period up to and including 5 April 2012.
99 Para (e) amended by Civil Partnership Act 2011 Sch 14.
100 Para (f) amended by Interpretation Act 2015 s 106.
101 Editorial Note – s 106(5) of Interpretation Act 2015 refers to s 16(1)(e).
102 Para (f) amended by Civil Partnership Act 2011 Sch 14.
103 S 16A repealed by SD51/00. Repeal confirmed by Income Tax Act 2001 s 1.
105 S 16B inserted by Income Tax Act 1989 s 64.
106 Para (b) amended by SD2014/08.
107 S 16C inserted by SD50/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
108 S 16D inserted by SD2019/0026.
109 S 16E inserted by SD2019/0026.
110 S 16F inserted by SD2019/0026.
111 Subs (2) amended by Income Tax Act 1989 s 37.
112 S 18 substituted by Income Tax (Amendment) Act 1986 s 3.
114 Ss 20A to 20F repealed by Income Tax (Corporate Taxpayers) Act 2006 Sch.
115 S 21 repealed by Income Tax (Amendment) Act 1979 s 2.
117 Subs (4) amended by Treasury Act 1985 Sch 2.
120 Subs (4) repealed by Income Tax Act 2009 Sch 1.
121 S 25A substituted by Income Tax (Corporate Taxpayers) Act 2006 s 9 effective year of assessment commencing 6 April 2007 and thereafter.
125 Para (a) substituted by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
126 Para (a) substituted by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
127 Subs (2) amended by Interpretation Act 2015 s 106.
128 Subs (3) amended by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
129 Subs (5) added by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
133 Subs (2) added by Income Tax Etc. (Amendment) Act 1985 s 2.
140 S 31A inserted by Income Tax Act 1989 s 60.
143 Definition of “fund” amended by Insurance Act 2008 Sch 8.
146 S 32A repealed by Income Tax Act 2013 s 8.
147 S 33 substituted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
149 Subs (1) substituted by Income Tax (Amendment) Act 2006 Sch effective year of assessment commencing 6/4/2006 and thereafter and amended by Tynwald Resolution 16/2/2010 effective tax year commencing 6/4/2010 and thereafter, by Civil Partnership Act 2011 Sch 14, by Tynwald Resolution 18/02/2014 effective tax year commencing 06/04/2014 and subsequent years, by Tynwald Resolution 16/02/2016 effective tax year commencing 06/04/2016 and subsequent years, by Tynwald Resolution 21/02/2017 effective tax year commencing 06/04/2017 and subsequent years, by Tynwald Resolution 20/02/2018 effective tax year commencing 06/04/2018 and subsequent years and by Tynwald Resolution 19/02/2019 effective tax year commencing 06/04/2019 and subsequent years.
150 Para (a) amended by Civil Partnership Act 2011 Sch 14.
152 Para (a) substituted by Civil Partnership Act 2011 Sch 14.
153 Para (b) amended by Civil Partnership Act 2011 Sch 14.
155 Para (a) amended by Tynwald Resolution 16/2/2010 effective tax year commencing 6/4/2010 and thereafter, by Tynwald Resolution 18/02/2014 effective tax year commencing 06/04/2014 and subsequent years, by Tynwald Resolution 16/02/2016 effective tax year commencing 06/04/2016 and subsequent years, by Tynwald Resolution 21/02/2017 effective tax year commencing 06/04/2017 and subsequent years, by Tynwald Resolution 20/02/2018 effective tax year commencing 06/04/2018 and subsequent years, by Tynwald Resolution 19/02/2019 effective tax year commencing 06/04/2019 and subsequent years.
by Tynwald Resolution 20/02/2018 effective tax year commencing 06/04/2018 and subsequent years and by Tynwald Resolution 19/02/2019 effective tax year commencing 06/04/2019 and subsequent years.

Para (b) amended by Tynwald Resolution 16/2/2010 effective tax year commencing 6/4/2010 and thereafter, by Tynwald Resolution 18/02/2014 effective tax year commencing 06/04/2014 and subsequent years, by Tynwald Resolution 16/02/2016 effective tax year commencing 06/04/2016 and subsequent years, by Tynwald Resolution 21/02/2017 effective tax year commencing 06/04/2017 and subsequent years, by Tynwald Resolution 20/02/2018 effective tax year commencing 06/04/2018 and subsequent years and by Tynwald Resolution 19/02/2019 effective tax year commencing 06/04/2019 and subsequent years.

Para (ba) inserted by Civil Partnership Act 2011 Sch 14 and amended by Tynwald Resolution 18/02/2014 effective tax year commencing 06/04/2014 and subsequent years, by Tynwald Resolution 16/02/2016 effective tax year commencing 06/04/2016 and subsequent years, by Tynwald Resolution 21/02/2017 effective tax year commencing 06/04/2017 and subsequent years, by Tynwald Resolution 20/02/2018 effective tax year commencing 06/04/2018 and subsequent years and by Tynwald Resolution 19/02/2019 effective tax year commencing 06/04/2019 and subsequent years.

Para (c) substituted by Civil Partnership Act 2011 Sch 14 and amended by Tynwald Resolution 18/02/2014 effective tax year commencing 06/04/2014 and subsequent years, by Tynwald Resolution 16/02/2016 effective tax year commencing 06/04/2016 and subsequent years, by Tynwald Resolution 21/02/2017 effective tax year commencing 06/04/2017 and subsequent years, by Tynwald Resolution 20/02/2018 effective tax year commencing 06/04/2018 and subsequent years and by Tynwald Resolution 19/02/2019 effective tax year commencing 06/04/2019 and subsequent years.

Para (d) repealed by Civil Partnership Act 2011 Sch 14.

Subs (4) amended by Civil Partnership Act 2011 Schs 14 and 15.

Subs (4A) inserted by Civil Partnership Act 2011 Sch 14.


Subs (6A) inserted by Income Tax Act 2000 s 10.


Subs (3) amended by Social Services Act 2011 Sch 3.


175 Subs (1) amended by Tynwald Resolution 16/2/2010 effective tax year commencing 6/4/2010 and thereafter.
176 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
180 Ss 36 to 38 repealed by Income Tax Act 1989 Sch 6.
182 Para (a) substituted by Civil Partnership Act 2011 Sch 14.
183 Para (b) amended by Civil Partnership Act 2011 Sch 14.
184 Subs (2) amended by Tynwald Resolution 16/2/2010 effective tax year commencing 6/4/2010 and thereafter.
186 Sum prescribed by SD2017/0023 in respect of the income tax year commencing 6/4/2017 and all subsequent years.
187 Subs (1) amended by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter, and by Regulation of Care Act 2013 s 205.
188 Subs (2ZA) inserted by SD2017/0374, effective in respect of income tax year commencing 06/04/2018 and all subsequent years.
189 Subs (2ZB) inserted by SD2017/0374, effective in respect of income tax year commencing 06/04/2018 and all subsequent years.
190 Subs (2A) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter and amended by SD2017/0374, effective in respect of income tax year commencing 06/04/2018 and all subsequent years.
191 Subs (3) repealed by Regulation of Care Act 2013 s 205.
192 Subs (3A) substituted by SD2017/0374, effective in respect of income tax year commencing 06/04/2018 and all subsequent years.
194 Para (a) substituted by Civil Partnership Act 2011 Sch 14.
195 Para (b) substituted by Civil Partnership Act 2011 Sch 14.
196 Para (c) amended by Civil Partnership Act 2011 Sch 14.
Para (a) substituted by Civil Partnership Act 2011 Sch 14.

Para (b) substituted by Civil Partnership Act 2011 Sch 14.


Para (a) amended by SD155/10 Sch 10 and by SD2017/0325.


S 43A inserted by Income Tax Etc. (Amendment) Act 1985 s 5 and amended by SD32/00.

Subs (1) amended by Tynwald Resolution 16/2/2010 effective tax year commencing 6/4/2010 and thereafter, by Tynwald Resolution 18/02/2014 effective tax year commencing 06/04/2014 and subsequent years and by Tynwald Resolution 21/02/2017 effective tax year commencing 06/04/2017 and subsequent years.


S 44 repealed by Income Tax Act 2009 Sch 2.

S 44A heading substituted by Civil Partnership Act 2011 Sch 14.


Para (a) substituted by SD2019/0068.

Para (b) substituted by SD2019/0068.

Para (c) repealed by SD2019/0068.

S 48 substituted by Income Tax (Amendment) Act 2014 s 7.

Subs (1) substituted by Income Tax Act 1991 s 6 and amended by SD125/98.


S 48A inserted by Income Tax (Amendment) Act 1986 s 5.

Para (b) amended by SD2014/08.

Subs (2) amended by SD2014/08.

Para (c) repealed by SD2014/08.


Para (c) amended by Civil Partnership Act 2011 Sch 14.

Subs (3) amended by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (4) amended by SD123/98 and by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (4A) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
231 Subs (8) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
233 Para (a) amended by Insurance Act 2008 Sch 8.
235 Para (b) amended by Income Tax Act 1973 s 11.
236 Para (b) amended by Income Tax Act 1980 Sch 3.
238 Para (d) amended by Civil Partnership Act 2011 Sch 14.
239 Subs (2) amended by Income Tax Act 1973 s 11.
240 Subs (3) amended by Civil Partnership Act 2014 Sch 14.
241 Para (c) amended by Income Tax (Amendment) Act 1986 s 6.
242 Para (d) amended by Civil Partnership Act 2011 Sch 14.
243 Subs (6A) inserted by Income Tax (Amendment) Act 1986 s 7.
245 Para (a) amended by Civil Partnership Act 2011 Sch 14.
247 Para (a) amended by Civil Partnership Act 2011 Sch 14.
255 Subs (1BB) inserted by Income Tax 1981 s 3.
256 Subss (1C), (2), (2A) and (2B) repealed by Income Tax Act 1981 Sch 2.
257 Para (b) amended by Civil Partnership Act 2011 Sch 14.
262 Heading inserted by SD807/10 and confirmed by Income Tax Act 2011 s 4, effective 22/10/2010 and substituted by Income Tax (Amendment) Act 2014 Sch.

264 S 50C inserted by SD807/10 and confirmed by Income Tax Act 2011 s 4, effective 22/10/2010.

265 S 50D inserted by SD807/10 and confirmed by Income Tax Act 2011 s 4, effective 22/10/2010.

266 S 50E inserted by SD807/10 and confirmed by Income Tax Act 2011 s 4, effective 22/10/2010.

267 Subs (1) substituted by SD2014/0019 and confirmed by Income Tax Act 2015 s 4, effective 21/02/15, with savings (see SD2014/0019 Art 5).

268 S 50F inserted by SD807/10 and confirmed by Income Tax Act 2011 s 4, effective 22/10/2010.


270 Subs (1) repealed by Income Tax (Amendment) Act 1986 s 3.

271 Subs (2) amended by Income Tax (Amendment) Act 1986 s 3.


274 Para (b) amended by Income Tax Act 2009 Sch 2.


276 Para (e) added by Income Tax Act 1989 s 22.


278 Subs (3) amended by Treasury Act 1985 Sch 2.

279 S 54 repealed by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

280 Subs (2) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art 2).

281 Subs (3) substituted by Income Tax Act 1989 s 66.

282 Subs (4) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art 2(2)).

283 Subs (8) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art 2).

284 Subs (9) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art 2).

285 Subs (10) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art).


287 S 56 repealed by Income Tax Act 1989 s 66.


289 Subs (B1) inserted by Income Tax Act 2011 s 5 operative for all years of assessment commencing on or after 6/4/2011.
290 Subs (C1) inserted by Income Tax Act 2011 s 5 operative for all years of assessment commencing on or after 6/4/2011.
291 Subs (D1) inserted by Income Tax Act 2011 s 5 operative for all years of assessment commencing on or after 6/4/2011.
292 Subs (1) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art 2) and by Income Tax Act 2011 s 5 operative for all years of assessment commencing on or after 6/4/2011.
293 Para (a) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions see SD523/06 art 2) and by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
294 Subs (2A) inserted by Income Tax (Amendment) Act 2006 s 10.
295 Subs (3A) inserted by Income Tax (Amendment) Act 2006 s 10.
296 Subs (4) amended by Income Tax (Corporate Taxpayers) Act 2006 s 14 (transitional provisions SD523/06 art 2).
298 S 57 substituted by Income Tax Act 1989 s 66.
303 Subs (9) added by Income Tax Act 1991 s 8 and substituted by Income Tax (Amendment) Act 2008 s 6(1) effective i.r.o. the amount of any loan paid on or after the date on which s 6 comes into operation whether the arrangement for the loan was made before or after that date.
304 Subs (10) added by Income Tax (Amendment) Act 2008 s 6(1) effective i.r.o. the amount of any loan paid on or after the date on which s 6 comes into operation whether the arrangement for the loan was made before or after that date.
305 Subs (11) added by Income Tax (Amendment) Act 2008 s 6(1) effective i.r.o. the amount of any loan paid on or after the date on which s 6 comes into operation whether the arrangement for the loan was made before or after that date.
309 Subs (1A) added by Income Tax Act 1991 s 8.
311 S 60 substituted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
314 Part 5 heading inserted by Income Tax (Amendment) Act 2014 Sch.
316 Subs (1) amended by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
317 Para (a) substituted by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
318 Subs (3) amended by Income Tax (Corporate Taxpayers) Act 2006 s 11 (transitional provisions SD523/06 art 2).
322 Subs (1) substituted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
323 Subs (3) amended by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
324 Subs (3A) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
325 Subs (5) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
328 Part 5A inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
329 S 61G inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
330 S 61H inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
331 S 61I inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
332 S 61J inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
333 S 61K inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
334 S 61L inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
335 S 61M inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
336 S 61N inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
337 S 61O inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
338 S 61P inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
339 S 61Q inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
340 S 61R inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
341 S 61S inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
342 S 61T inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
343 S 61U inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
344 S 61V inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
345 S 61W inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
346 S 61X inserted by SD2017/0375, effective in respect of income tax year commencing 6 April 2018.
349 Subs (4) amended by Income Tax (Amendment) Act 2004 s 8.
350 Subs (6) added by Income Tax (Amendment) Act 2004 s 8.
351 Subs (7) added by Income Tax (Corporate Taxpayers) Act 2006 s 15 (transitional provisions SD523/06 art 2).
352 Subs (8) inserted by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
353 S 62AA inserted by SD2016/0024, effective in respect of tax year commencing 6 April 2016 and all subsequent years, and confirmed by Income Tax Legislation (Amendment) Act 2017 s 4.
356 Subs (2) amended by Audit Act 2006 Sch 1.
357 Subs (4) added by SD474/10 and confirmed by Income Tax Act 2011 s 4, effective 16/7/2010.
358 Subs (5) added by SD474/10 and confirmed by Income Tax Act 2011 s 4, effective 16/7/2010.
359 Subs (6) inserted by SD2016/0343.
360 S 62C inserted by Income Tax (Amendment) Act 2008 s 7 operative 1/11/2006 and applicable i.r.o. that part of the year of assessment, or in the case of a corporate taxpayer, that part of the accounting period, commencing on that date and ending on 5/4/2007 and i.r.o. every subsequent year or, as the case may be, period.
361 S 63A inserted by Limited Liability Companies Act 1996 s 47.
362 S 63B inserted by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
363 S 63C inserted by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
364 S 63D inserted by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
365 S 64 repealed by Income Tax (Amendment) Act 2006 s 2.
367 Subs (1) amended by Civil Partnership Act 2011 Sch 14.
368 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
369 Subs (3) amended by Civil Partnership Act 2011 Sch 14.
371 Subs (1) amended by Civil Partnership Act 2011 Sch 14.
372 Subs (2) amended by SD708/09 and confirmed by Income Tax Act 2010 s 2.
373 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
375 Subs (3) amended by Civil Partnership Act 2011 Sch 14.
377 Subpara (i) amended by Civil Partnership Act 2011 Sch 14.
378 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
380 Para (a) amended by Civil Partnership Act 2011 Sch 14.
381 Para (b) amended by SD708/09 and confirmed by Income Tax Act 2010 s 2.
382 Para (b) amended by Civil Partnership Act 2011 Sch 14.
383 Para (c) amended by Civil Partnership Act 2011 Sch 14.
384 Para (d) amended by Civil Partnership Act 2011 Sch 14.
385 Para (e) added by SD708/09 and confirmed by Income Tax Act 2010 s 2.
387 Subs (1) amended by Civil Partnership Act 2011 Sch 14.
388 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
390 Subs (1) amended by Civil Partnership Act 2011 Sch 14.
391 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
392 Para (a) amended by Civil Partnership Act 2011 Sch 14.
393 Subs (3) amended by Civil Partnership Act 2011 Sch 14.
394 Subs (4) amended by Civil Partnership Act 2011 Sch 14.
396 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
397 Subs (6) amended by Civil Partnership Act 2011 Sch 14.
399 Subs (8) amended by Civil Partnership Act 2011 Sch 14.
401 Para (a) amended by Civil Partnership Act 2011 Sch 14.
402 Para (b) amended by Civil Partnership Act 2011 Sch 14.
Para (c) amended by Civil Partnership Act 2011 Sch 14.

Subs (3) amended by Civil Partnership Act 2011 Sch 14.

Subs (4) amended by Civil Partnership Act 2011 Sch 14.

Subs (5) amended by Civil Partnership Act 2011 Sch 14.


Subs (3) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, tax year commencing 6/4/2012 and thereafter.

Subs (4) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, tax year commencing 6/4/2012 and thereafter.


S 65I heading amended by Civil Partnership Act 2011 Sch 14.

Para (a) amended by Civil Partnership Act 2011 Sch 14.

Subs (2) amended by Civil Partnership Act 2011 Sch 14.


Subs (4) inserted by SD48/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (5) inserted by SD49/12 effective tax year commencing 6/4/2012 and thereafter.


Subs (4A) inserted by SD2018/0263.


Subs (6) inserted by SD98/12, and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter, and amended by SD2018/0263.

S A66 inserted by Income Tax (Corporate Taxpayers) Act 2006 s 15 (transitional provisions SD523/06 art 2).


Subs (4) amended by Income Tax Act 1989 s 72.

Subs (6) added by Income Tax Act 1989 s 72.


S 73 substituted by Income Tax Act 1989 s 72.

Para (c) substituted by Civil Partnership Act 2011 Sch 14.

S 78 substituted by Income Tax Act 1989 s 73.

S 78A inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

S 80 amended by Treasury Act 1985 Sch 2.
Para (a) amended by SD2018/0263.

S 80A inserted by Income Tax (Amendment) Act 2008 s 2 effective i.r.o. records for years of assessment and accounting periods ending after the commencement of the Income Tax (Amendment) Act 2008.

Part 6A inserted by SD2018/0263.

Definition of a “high risk IP company” substituted by SD2019/0271.

Definition of an “IP asset” substituted by SD2019/0271.

Para (b) amended by SD2019/0271.

Para (g) substituted by SD2019/0271.

Subs (6) substituted by SD2019/0271.

S 80E inserted by SD2018/0263.

S 80F inserted by SD2018/0263.

Subs (1) substituted by SD2019/0271.

Subs (1A) inserted by SD2019/0271.

S 80G inserted by SD2018/0263.

S 80H inserted by SD2018/0263.

S 80I inserted by SD2018/0263.

S 80J inserted by SD2018/0263.

S 80K inserted by SD2018/0263.

S 80L inserted by SD2018/0263.

S 80M inserted by SD2018/0263.

S 80N inserted by SD2018/0263.

Part 7 heading inserted by Income Tax (Amendment) Act 2014 Sch.

S 81 substituted by Income Tax (Corporate Taxpayers) Act 2006 s 1 (transitional provisions SD523/06 art 2).

S 81A inserted by Income Tax (Amendment) Act 2004 s 1.

S 81B inserted by Income Tax (Amendment) Act 2004 s 15.

S 83A inserted by Income Tax Act 1989 s 74.

S A84 inserted by Income Tax (Corporate Taxpayers) Act 2006 s 4 (transitional provisions SD523/06 art 2).

S B84 inserted by Income Tax (Corporate Taxpayers) Act 2006 s 4 (transitional provisions SD523/06 art 2).

Subs (2) amended by Income Tax (Corporate Taxpayers) Act 2006 s 5 (transitional provisions SD523/06 art 2).

Subs (3) amended by Income Tax (Corporate Taxpayers) Act 2006 s 5 (transitional provisions SD523/06 art 2).

468 Subs (2) substituted by Income Tax Act 1991 s 10 and amended by Income Tax Act 2009 s 15 effective in respect of any return of income made and delivered after 6/4/08 by a person who has been assessed under s 86(1).
469 Subs (3) to (5) repealed by Income Tax Act 1991 s 10.
470 Subs (6) substituted by Income Tax Act 1989 s 75.
471 Subs (7) substituted by Income Tax Act 1989 s 75.
472 Subs (8) substituted by Income Tax Act 1989 s 75.
473 Subs (8A) substituted by Income Tax Act 1989 s 75.
474 Subs (10) added by Income Tax (Corporate Taxpayers) Act 2006 s 6 (transitional provisions SD523/06 art 2).
476 Subs (2) amended by Income Tax Act 2009 s 16 effective in respect of any return of income made and delivered after 6/4/08 by a corporate taxpayer who has been assessed under s 86A(1).
477 S 86A inserted by Income Tax (Corporate Taxpayers) Act 2006 s 6 (transitional provisions SD523/06 art 2(2)).
479 Subs (6) inserted by Income Tax Legislation (Amendment) Act 2017 s 10, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
480 Subs (7) inserted by Income Tax Legislation (Amendment) Act 2017 s 10, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
481 Subs (8) inserted by Income Tax Legislation (Amendment) Act 2017 s 10, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
482 Subs (1) substituted by Tribunals Act 2006 Sch 3.
483 Subs (2) substituted by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
484 Subs (3) substituted by Tribunals Act 2006 Sch 3.
485 Subs (4) substituted by Tribunals Act 2006 Sch 3 and repealed by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
486 Subss (5) and (6) repealed by Tribunals Act 2006 Sch 3.
487 Subs (8) and (9) repealed by Tribunals Act 2006 Sch 3.
488 Subs (10) amended by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
489 Subs (11) amended by Tribunals Act 2006 Sch 3.
490 Subs (12) repealed by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
492 Subs (17) substituted by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
493 Subs (19) repealed by Tribunals Act 2006 Sch 3.
494 Subs (21) amended by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.

Subs (24) inserted by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.

Subs (25) inserted by Income Tax Legislation (Amendment) Act 2017 s 11, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.


Subs (2) repealed by Income Tax Act 1981 Sch 2.

Part 8 heading inserted by Income Tax (Amendment) Act 2014 Sch.

S 93 repealed by Income Tax (Corporate Taxpayers) Act 2006 s 4.

Subs (2) amended by Treasury Act 1985 Sch 2.

Subs (1) amended by Treasury Act 1985 Sch 2.


S 96 substituted by Income Tax (Corporate Taxpayers) Act 2006 s 3.


S 96B inserted by Income Tax (Amendment) Act 2004 s 3.

S 96C inserted by Income Tax (Amendment) Act 2004 s 3.


Subs (1) amended by Statute Law Revision Act 1997 Sch 2.

Subs (3) substituted by Income Tax Act 1989 s 76.

Subs (4) amended by Income Tax Act 1989 s 76.

S 98A inserted by Income Tax (Amendment) Act 1986 s 11.


S 98B inserted by Income Tax (Amendment) Act 1986 s 11.

Subs (1) amended by Income Tax Act 2009 Sch 1.

Subs (2) amended by Income Tax Act 2009 Sch 1.

Subs (3) amended by Income Tax Act 2009 Sch 1.


S 99 substituted by Income Tax (Corporate Taxpayers) Act 2006 s 16.

Subs (1) amended by Income Tax Act 2009 Sch 1.

S 100 substituted by Income Tax (Corporate Taxpayers) Act 2006 s 16.


S 101A inserted by Income Tax (Corporate Taxpayers) Act 2006 s 7.

528 Part 9 inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
529 S 104A inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
530 Para (b) amended by Income Tax Act 2015 s 7.
531 S 104B inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
532 Subpara (i) amended by Income Tax Act 2015 s 7.
533 Subpara (i) repealed by Income Tax Act 2015 s 7.
534 S 104C inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
535 S 104D inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
536 S 104E inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
537 S 104F inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
539 S 104H (originally S 105P) heading amended by SD315/13.
540 Subs (1) substituted by Income Tax Act 2015 s 7.
541 Subs (7) substituted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
544 Subpara (i) amended by Income Tax Act 2015 s 7.
545 Para (b) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
546 Para (a) (originally (i)) renumbered by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
547 Para (b) (originally (ii)) renumbered by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
548 Para (c) (originally (iii)) renumbered by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
549 Para (d) (originally (iv)) renumbered by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
551 Part 10 heading inserted by Income Tax (Amendment) Act 2014 Sch.
552 S 105 substituted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
553 Subs (2) amended by SD2017/0377.
554 Subs (2A) inserted by SD2017/0377.
555 Subs (3) substituted by SD2017/0377.
556 Subs (4) amended by SD2017/0377.
557 Subs (5) inserted by SD2017/0377.
558 S 105AA inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
559 S 105AB inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
560 S 105AC inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
562 S 105B repealed by Bribery Act 2013 Sch 2.
565 Para (b) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
566 Subs (2) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
567 Subs (5) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
569 S 105D heading substituted by Income Tax Act 2015 s 8.
570 Para (a) inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
571 Para (b) inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
572 Subs (2) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
574 Subs (3A) inserted by Income Tax Act 2011 s 7 effective 18/10/2011.
575 Subs (3B) inserted by Income Tax Act 2011 s 7 effective 18/10/2011.
576 Subs (3C) inserted by Income Tax Act 2011 s 7 effective 18/10/2011 and substituted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
578 Para (a) amended by Income Tax Act 2015 s 8.
580 Subs (6) substituted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.


592 Subs (2) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

593 Para (a) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

594 Subs (3) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.


597 S 105H heading amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

598 Para (b) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

599 S 105H inserted by Income Tax (Amendment) Act 2004 Sch 2.

600 S 105I heading amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

601 Para (a) amended by Income Tax Act 2009 s 17.

602 Subs (2) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.

603 S 105I inserted by Income Tax (Amendment) Act 2004 Sch 2.


605 Subs (2) substituted by Income Tax Act 2015 s 9.

606 Subs (2A) inserted by Income Tax act 2015 s 9.


608 Subs (2C) inserted by Income Tax act 2015 s 9.


610 Para (b) amended by Income Tax Act 2015 s 9.

612 S 105L heading substituted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
613 Subs (1A) inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
615 Para (b) substituted by SD315/13 as amended by Income Tax (Amendment) Act 2014 s 4, effective tax year commencing 6/4/2013 and thereafter.
616 Subs (2) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
617 Subs (3) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
618 Subs (4) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
619 Subs (5) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
621 Para (b) substituted by Income Tax Act 2015 s 9.
622 Subs (1) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
623 Subs (2) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
624 Para (b) amended by Income Tax Act 2015 s 9.
625 Para (c) amended by Income Tax Act 2015 s 9.
630 Definition of “document” amended by Interpretation Act 2015 s 106.
631 Definition of “information” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
639 Part 13 inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
640 S 105R inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
641 S 105S inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
642 S 105T inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
643 S 105U inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
644 S 105V inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
645 S 105W inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
646 S 105X inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
647 S 105Y inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
648 S 105Z inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
649 S 105ZA inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
650 S 105ZB inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
651 S 105ZC inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
652 S 105ZD inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
653 S 105ZE inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
654 S 105ZF inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
655 S 105ZG inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
656 S 105ZH inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
657 S 105ZI inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.  
658 Part 14 heading inserted by Income Tax (Amendment) Act 2014 Sch.  
659 S A106 (originally s 106F) heading substituted and section relocated by Income Tax (Amendment) Act 2014 Sch.  
660 Para (b) amended by Gambling (Amendment) Act 2006 s 3.  
661 Para (d) amended by SD2015/0090 as amended by SD2015/0276.  
662 Subs (1) amended by Income Tax (Amendment) Act 2014 Sch.  
666 Subs (3) amended by Income Tax Legislation (Amendment) Act 2017 s 12.  
668 Para (i) inserted by SD2014/0048 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.  
669 Para (j) inserted by SD2014/0048 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.  
670 Subs (4A) inserted by Income Tax Legislation (Amendment) Act 2017 s 12.
Para (c) substituted by Income Tax (Amendment) Act 2006 s 15.

Para (e) substituted by Income Tax (Amendment) Act 2006 s 15.

Para (f) added by Corruption Act 2008 Sch 1 and amended by Bribery Act 2013 Sch 1.


Subs (5B) inserted by SD2014/0048 and confirmed by Income Tax Act 2015 s 4, effective 21/02/2014.


Subs (1) amended by Income Tax Act 2013 s 12.

Subs (2) substituted by Income Tax Act 2013 s 12.

Subs (2A) inserted by Income Tax Act 2013 s 12.


Subs (5) inserted by Income Tax Act 2013 s 12.

Subs (6) inserted by Income Tax Act 2013 s 12.

Subs (7) inserted by Income Tax Act 2013 s 12.


S 106B heading amended by SD2014/08.


Subs (2) substituted by Income Tax Act 2013 s 13.


Subs (8) inserted by SD2014/08.

S 106B inserted by Income Tax Act 1989 s 78 and amended by SD155/10 Sch 6.

S 106C heading amended by SD2014/08.

Subs (1) amended by SD155/10 Sch 6 and by SD2014/08.

Subs (3) substituted by SD2014/08.

Subs (4) amended by SD2014/08.


Subs (3) amended by SD2015/0090 as amended by SD2015/0276.

Editorial Note - References to a provision of the Data Protection Act 2002, except Part 3, must be construed as references to the appropriate provision in data protection legislation as defined in Article 7(5) of the Data Protection (Application of GDPR) Order 2018 [SD2018/0143], with effect from 01/08/2018. References to a provision in Part 3 of the Data Protection Act 2002 must be construed as references to the appropriate provision in data protection legislation as defined in Article 7(5) of the Data Protection (Application of GDPR) Order 2018 [SD2018/0143], with effect from 01/03/2019.
Endnotes


702 Subs (1) amended by SD2014/06.

703 Editorial Note - References to a provision of the Data Protection Act 2002, except Part 3, must be construed as references to the appropriate provision in data protection legislation as defined in Article 7(5) of the Data Protection (Application of GDPR) Order 2018 [SD2018/0143], with effect from 01/08/2018. References to a provision in Part 3 of the Data Protection Act 2002 must be construed as references to the appropriate provision in data protection legislation as defined in Article 7(5) of the Data Protection (Application of GDPR) Order 2018 [SD2018/0143], with effect from 01/03/2019.


705 S 106F heading amended by SD2017/0325.

706 Subs (1) amended by SD2017/0325.


708 Part 15 heading inserted by Income Tax (Amendment) Act 2014 Sch.

709 Subs (2) amended by Income Tax (Corporate Taxpayers) Act 2006 s 8 (transitional provisions SD523/06 art 2).

710 Subs (3) amended by Treasury Act 1985 Sch 2.


712 Subs (1) amended by SD962/08 effective 6/2/2009.

713 S 107A substituted by Income Tax (Corporate Taxpayers) Act 2006 s 16 (transitional provisions SD523/06 art 2).

714 Para (a) amended by Income Tax (Amendment) Act 2006 s 15.

715 Subs (1) amended by SD963/08 effective 6/2/2009.

716 Para (a) amended by Income Tax (Amendment) Act 2006 s 15.

717 Para (i) amended by Income Tax (Amendment) Act 2006 s 15.

718 Para (a) amended by Income Tax (Amendment) Act 2006 s 15.


721 Division 1 heading inserted by Income Tax (Amendment) Act 2014 Sch.

722 Sub (1) substituted by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

723 Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

724 Para (c) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

725 Para (d) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, tax year commencing 6/4/2012 and thereafter.

726 Subs (2) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
Subs (3) amended by Income Tax (Corporate Taxpayers) Act 2006 s 13 (transitional provisions SD523/06 art 2) and by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (1) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (2) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (3) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (4) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (5) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (6) amended by Income Tax (Corporate Taxpayers) Act 2006 s 13 (transitional provisions SD523/06 art 2).

Subs (7) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (8) amended by Income Tax (Amendment) Act 2006 s 15.


Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (3) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
749 Subs (4) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
752 Subs (1) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
753 Item (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
754 Subs (1A) inserted by Income Tax (Amendment) Act 2006 s 11.
755 Subs (1B) inserted by Income Tax (Amendment) Act 2006 s 11.
756 Subs (2) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
758 Subs (1) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
759 Subs (3) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
761 Division 2 heading inserted by Income Tax (Amendment) Act 2014 Sch.
762 Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
763 Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
764 Para (c) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
765 Para (d) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
766 Subs (1) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter and by Income Tax (Amendment) Act 2014 Sch.
767 Subs (3) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter and by Income Tax (Amendment) Act 2014 Sch.
769 Para (c) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
770 Subs (1) amended by Income Tax (Amendment) Act 2014 Sch.
771 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
773 Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.
Para (c) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (1) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter and by Income Tax (Amendment) Act 2014 Sch.

Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (2) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter and by Income Tax (Amendment) Act 2014 Sch.

Subs (3) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (6) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.


Para (a) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Para (b) amended by SD98/12 and confirmed by Income Tax Act 2013 s 2, effective tax year commencing 6/4/2012 and thereafter.

Subs (2) added by Income Tax (Amendment) Act 1986 s 12.

Para (e) added by Income Tax (Amendment) Act 1986 s 13.


Subs (3) added by Income Tax (Amendment) Act 1986 s 13.

Subs (4) added by Income Tax Act 1989 s 77.

Ed. note: The prescribed rate of interest is 5% per year, but the Order does not apply to cases under s 111A(1A)(b) see SD961/08 para 4.
798 Subs (1) amended by Income Tax (Amendment) Act 2004 s 5.
799 Para (a) amended by Income Tax (Amendment) Act 2006 s 15.
800 Subs (1A) inserted by Income Tax (Amendment) Act 2004 s 5.
803 S 111B substituted by Income Tax (Corporate Taxpayers) Act 2006 s 16 (transitional provisions SD523/06 art 2).
805 Division 1 heading inserted by Income Tax (Amendment) Act 2014 Sch.
806 S 111C inserted by Income Tax (Amendment) Act 2004 Sch 1.
814 Division 2 heading inserted by Income Tax (Amendment) Act 2014 Sch.
815 S 112A inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
816 S 112B inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
817 Para (a) amended by Income Tax Act 2009 Sch 1.
818 S 112C inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17.
819 S 112D inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
820 S 112E inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
821 S 112F inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
822 S 112G inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
823 S 112H inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions see SD523/06 art 2).
824 S 112I inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
825 S 112J inserted by Income Tax (Corporate Taxpayers) Act 2006 s 17 (transitional provisions SD523/06 art 2).
S 112L (originally s 112) renumbered and relocated by Income Tax (Amendment) Act 2014 Sch.


Subpara (iii) amended by SD606/12.


Para (ac) inserted by Income Tax (Amendment) Act 2006 s 15.

Para (ad) inserted by Income Tax (Amendment) Act 2006 s 15.

Para (ba) inserted by Income Tax Act 2009 s 12.

Para (c) amended by Income Tax Act 2009 s 12.

Para (d) amended by Interpretation Act 2015 s 107.


Subpara (ii) amended by Interpretation Act 2015 s 107.


Definition of “administration” inserted by Income Tax (Amendment) Act 2014 s 8.


Part 21 heading inserted by Income Tax (Amendment) Act 2014 Sch.


Subs (2) amended by Treasury Act 1985 Sch 2.


Subss (2) to (4) expired 6 April 1989 inserted by Income Tax (Amendment) Act 1986 s 15.
865 Subs (2) amended by Civil Partnership Act 2011 Sch 14.
866 Subs (4) amended by Civil Partnership Act 2011 Sch 14.
870 Subs (8) added by Income Tax (Amendment) Act 2008 s 7(4) in operation 1/11/2006 and applicable in respect of that part of the year of assessment, or in the case of a corporate taxpayer, that part of the accounting period, commencing on that date and ending on 5/4/2007 and in respect of every subsequent year or period.
871 S 119E inserted by Income Tax (Corporate Taxpayers) Act 2006 s 2 (transitional provisions SD523/06 art 2).
872 S 119F inserted by Income Tax (Corporate Taxpayers) Act 2006 s 2 (transitional provisions SD523/06 art 2).
874 Definition “2006 Act company” inserted by Income Tax (Amendment) Act 2008 s 7 operative 1/1/2006 and applicable for that part year of assessment or accounting period and in respect of every subsequent year or period.
876 Definition of “approved inspection” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
877 Definition of “arrangement order” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
878 Definition of “assessment” and “assessed” inserted by Income Tax (Corporate Taxpayers) Act 2006 (transitional provisions SD523/06 art 2).
879 Definition of “Assessor” repealed by Income Tax (Amendment) Act 2014 Sch.
880 Definition of “assistance requirement” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
881 Definition of “authorised officer” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
882 Para (ba) inserted by Foundations Act 2011 s 65.
883 Definition of “corporate taxpayer” inserted by Income Tax (Amendment) Act 2004 s 15.
884 Definition of “double tax arrangement” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
885 Definition of “examine” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
886 Definition of “the Governor in Council” inserted by Income Tax (Amendment) Act 1979 Sch 1 and amended by Council of Ministers Act 1990 s 9.
888 Definition of “inspection powers” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
889 Definition of “inspection-related penalty” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
890 Definition of “member” inserted by SD98/12 and confirmed by Income Tax Act 2013 s 2.
891 Definition of “non-corporate taxpayer” inserted by Income Tax (Amendment) Act 2004 s 15.
892 Definition of “obstruct” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
893 Definition of “record-keeping regulations” inserted by Income Tax Act 2015 s 11.
894 Para (g) inserted by SD2018/0263.
895 Definition of “tax position” inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
896 Para (a) amended by Income Tax (Amendment) Act 2004 s 15.
897 Para (b) amended by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
899 Definition of “traded option” inserted by Income Tax (Amendment) Act 1986 s 7.
900 Definition of “Treasurer” repealed by Treasury Act 1985 Sch 3.
901 Definition of “Treasury” inserted by Treasury Act 1985 Sch 2.
902 Definition of “United Kingdom income tax” substituted by Interpretation Act 2015 s 107.
903 Subs (2) inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
904 Subs (3) inserted by SD315/13 effective tax year commencing 6/4/2013 and thereafter.
905 S 121 repealed by Statute Law Revision Act 1983 Sch 2.
906 Sch 1 substituted by Income Tax Act 1989 s 34.
907 Sch 1A inserted by Income Tax (Amendment) Act 1986 Sch 1.
909 Sch 2 repealed by Income Tax Legislation (Amendment) Act 2017 s 15, effective in relation to any appeal in respect of which a notice is filed after 18/07/2017.
912 Subpara (6) amended by Interpretation Act 2015 s 107.