



**Isle of Man  
Government**

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## PRACTICE NOTE

**PN 183/14**

**Date: 18 February 2014**

### **BUDGET 2014 - INCOME TAX AND NATIONAL INSURANCE PROPOSALS**

In his Budget speech today, the Minister for the Treasury, the Hon. Eddie Teare, MHK, announced various taxation and National Insurance measures.

This Practice Note contains further information regarding the changes.

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#### **1. INCOME TAX ALLOWANCES AND RATES OF TAX**

The following rates and allowances will apply for the 2014/15 tax year commencing on 6 April 2014:-

<b>Personal allowances</b>	<b>2014/15</b>	2013/14
	<b>£</b>	£
Single person	<b>9,500</b>	9,300
Married couple/civil partner (combined)	<b>19,000</b>	18,600
Additional Personal Allowance	<b>6,400</b>	6,400
Blind person	<b>2,900</b>	2,900
Disabled person	<b>2,900</b>	2,900
Co-habiting couple's maximum addition	<b>6,400</b>	6,400
Age Allowance	<b>1,000</b>	2,020

<b>Income tax rates</b>	<b>2014/15</b>	2013/14
<b>Individuals</b>	<b>%</b>	<b>%</b>
Resident		
Single: Lower rate on first <b>£10,500</b>	<b>10</b>	10
Married couple/civil partnership - jointly assessed: Lower rate on first <b>£21,000</b>	<b>10</b>	10
Higher rate on balance	<b>20</b>	20
Non-resident:		
Non-resident rate on all income	<b>20</b>	20
<b>Companies</b>		
Banking business	<b>10</b>	10
Land & property in the Isle of Man	<b>10</b>	10
Retail business - profits above £500,000	<b>10</b>	10
All other income	<b>0</b>	0
<b>Other non-corporates</b>	<b>20</b>	20

## 2. NATIONAL INSURANCE CONTRIBUTIONS

The following rates and thresholds will apply for the 2014/15 tax year commencing on 6 April 2014:-

<b>Item</b> (per week unless stated otherwise)	<b>2014/15</b>	2013/14
Lower Earnings Limit (LEL)	<b>£111</b>	£109
Upper Accrual Point (UAP)	<b>£770</b>	£770
Upper Earnings Limit (UEL)	<b>£784</b>	£784
Primary Threshold	<b>£120</b>	£120
Secondary Threshold	<b>£117</b>	£117
Prescribed annual equivalent of primary threshold	<b>£6,240</b>	£6,240
Prescribed annual equivalent of secondary threshold	<b>£6,084</b>	£6,084
Class 1 employees' primary rate of NI (between primary threshold and UEL)	<b>11%</b>	11%
Class 1 employees' additional rate of NI (above the UEL)	<b>1%</b>	1%
Class 1 employers' rate of NI (on all earnings above secondary threshold)	<b>12.8%</b>	12.8%
Class 2 rate self-employed	<b>£2.70</b>	£2.70

Class 2 small earnings exception level (annual)	<b>£5,725</b>	£5,725
Class 2 rate for volunteer development workers	<b>£5.55</b>	£5.45
Class 2 rate for share fishermen	<b>£3.35</b>	£3.35
Class 3 voluntary contributions	<b>£13.90</b>	£13.55
Class 4 lower profits limit (annual)	<b>£6,136</b>	£6,136
Class 4 upper profits limit (annual)	<b>£40,768</b>	£40,768
Class 4 rate between the lower & upper limits	<b>8%</b>	8%
Class 4 rate above the upper limit	<b>1%</b>	1%

### 3. TAX CAP ELECTION

From the 2014/15 tax year a resident individual or jointly assessed married couple/civil partners will have to make an election in order for the Tax Cap to apply.

If an election is approved by the Assessor, it will apply for five consecutive tax years. The Tax Cap applying to each of the five years of the election will be the amount applying to the first year of the election.

The amount of the Tax Cap for the 2014/15 tax year for an individual will be £120,000 and for a jointly assessed married couple/civil partners it will be £240,000.

Further details can be found in PN 184/14 – Tax Cap Election – which has also been issued today.

### 4. TAXATION OF EMPLOYED PERSON'S ALLOWANCE

An order will be put to Tynwald for approval shortly to exempt the Employed Person's Allowance from income tax for the 2014/15 tax year and subsequent years.

**Nicola Guffogg**  
**Assessor of Income Tax**

This Practice Note is intended only as a general guide and must be read in conjunction with the appropriate legislation. It does not have any binding force and does not affect a person's right of appeal on points concerning their own liability to income tax.

Comments and suggestions for improvements of issued Practice Notes and suggestions for future Practice Notes are always welcome.