
PRACTICE NOTE

PN 198/18

Date: 22 January 2018

DOMESTIC REPORTING OBLIGATIONS FOR INSURERS

Section 78A of the Income Tax Act 1970

Introduction

This Practice Note explains the prescribed formats to be used by Isle of Man insurers that have domestic reporting obligations under section 78A of the Income Tax Act 1970.

The new prescribed reporting format for section 78A, described in detail below, will be effective from the 2017/18 reporting period, reports for which should be submitted to the Assessor on or before **30 September 2018**.

Section 78A

Any insurer whose business consists of, or includes, the effecting or carrying out of policies of life insurance, contracts for life annuities or capital redemption policies is required to provide, on an annual basis, the following information in respect of any policyholders who are resident in the Isle of Man:

- the policyholder's full name and address;
- the amount invested by the policyholder during the year; and
- the amount of any payments made to the policyholder during the year.

Trusts

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 Isle of Man.

For clarity, when an investment is made into the policy the 'other' referred to is the person making the investment ie. the settlor; therefore if, for example, both the settlor and trustee are Isle of Man resident the insurer will be required to report and it will be the settlor's full name, address and the amount invested that should be provided.

When a payment has been made in the year, the 'other' referred to is the recipient of the payment, ie. the beneficiary; therefore if, for example, both the beneficiary and trustee are Isle of Man resident the insurer will be required to report and it will be the beneficiary's full name, address and the amount invested that should be provided.

Reporting Year

Section 78A refers to investments and payments made during 'the year', the year being the tax year from 6 April to the following 5 April. However, the Assessor recognises that the normal valuation point for an insurance policy is its anniversary; therefore, for administrative ease, if an insurer is unable to easily report investments and payments made in a specific tax year they can instead use the policy year that ends within the tax year.

Example

ABC Ltd maintains a policy for Mr D, an Isle of Man resident. The policy anniversary date is 30 June. For administrative ease, for the 2017/18 tax year, ABC Ltd may report any investments made into, and payments made from, the policy between 1 July 2016 – 30 June 2017.

If an insurer uses a period other than the tax year, they should declare the alternative reporting end date used in the 'Reporting Period' element/field in the schema/template described below.

Format

From 2017/18 Isle of Man insurers will be required to make their return either by completing a standardised Microsoft Excel Template or by using the prescribed schema in Extensible Markup Language (XML), which is described in further detail below.

Both the Excel template and XML schema will collect the same information, being the minimum required for reporting under section 78A, as detailed in Appendix I of this Practice Note.

XML

Insurers reporting in XML must do so in accordance with the Income Tax Division's new section 78A schema.

An illustrated copy of the schema is shown in Appendix II and a copy of the XSD file can now be downloaded from the Income Tax Division's website at the link below:

<https://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/tax-practitioners-and-technical-information/insurance-section-78a/>.

Excel

Isle of Man insurers that wish to file using Microsoft Excel must use the section 78A Excel Template, which can also be found on the Income Tax Division's website at the link above.

As XML is the Assessor's preferred format for reporting, the Excel template has been mapped to the schema described above.

As a result, Isle of Man insurers that are unable to automatically extract their data to XML are encouraged upon completing the template to use the 'Export' function within the 'Developer' tab to automatically create an XML file for submission to the Assessor (as illustrated in Appendix III).

Method of Transmission

To date, Isle of Man insurers have been able to transmit section 78A information to the Assessor using physical storage devices or by secure email, and they can continue to do so. However, for greater security the Assessor wishes to encourage the use of the Information Providers' Online Service for reporting such information.

The service enables all information providers, including those with international reporting responsibilities (FATCA, the CRS and CbCR), to securely upload reports direct to the Division; it also automatically validates the uploaded files against the applicable schemas, reporting any errors to users instantly so that they can make the necessary corrections.

The Information Providers' Online Service will only accept files in XML format. Therefore, those insurers using Excel who want to submit online should use the export function described above.

Enrolment

Isle of Man insurers with existing international reporting obligations (FATCA, the CRS and CbCR) can use their existing Information Providers' account to submit their section 78A report to the Division by adding the new return type (see illustration in Appendix IV).

Alternatively, should the insurer wish to set up a separate login for domestic reporting purposes they should complete the registration form, available on the Income Tax Division website at the link below , so the necessary security and activation codes can be issued.

<https://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/international-agreements/fatca-and-common-reporting-standard/information-providers-reporting-registration-form/>

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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.

Appendix I – Information Required to be Reported

Section 78A – Returns by Insurers

Insurer Details

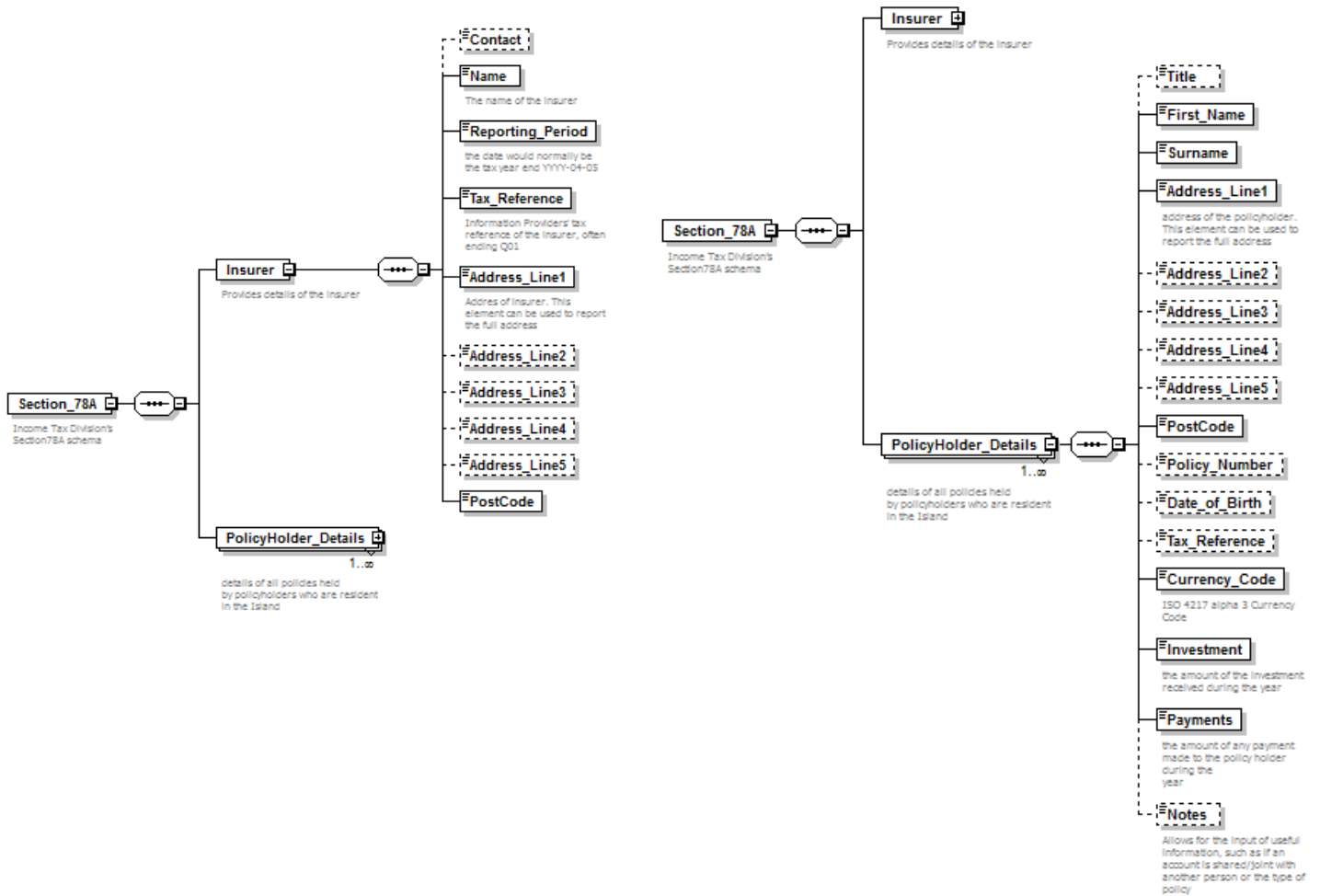
- Name
- Reporting Period
- Contact Point (optional)
- Address
- Tax Reference

Accountholder Details

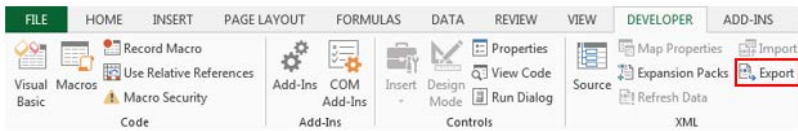
- Title (optional)
- First Name
- Surname
- Address
- Policy Number (if held)
- Date of Birth (if held)
- Tax Reference Number (if held)
- Account Currency
- Investment Received in the Year
- Payments Made to the Policyholder in the Year
- Additional Information (optional)

Appendix II – Schema Illustrations

Section 78A



Appendix III – Export from Excel



Appendix IV – Adding New Return Type

01 Jan 2018	31 Dec 2018	CRS	
01 Jan 2018	31 Dec 2018	FATCA US	
Add Return Type	Remove Return Type		

Add Return Type

Show menu

You can add a new return type if you have a new reporting obligation by selecting the return type below and inputting the applicable start date.

Further information on reporting dates and deadlines are available [here](#).

Start Date

06 April 2017

Return Type

SECTION 78

Cancel Submit