

Statutory Document No. 2020/0026

*Income Tax Act 1970*

INCOME TAX (TAX CAP) (TEMPORARY TAXATION) ORDER 2020

Approved by Tynwald: 18th February 2020
Coming into Operation in accordance with article 2

The Treasury makes the following Order under section 115A of the Income Tax Act 1970.

1 Title

This Order is the Income Tax (Tax Cap) (Temporary Taxation) Order 2020.

2 Commencement and application

If approved by Tynwald¹, this Order comes into operation on 6 April 2020 and shall apply in respect of the income tax year commencing 6 April 2020.

3 Amendment of the Income Tax Act 1970

(1) The Income Tax Act 1970 is amended as follows.

(2) In section 2ZA (election for income tax cap to be applied)—

- (a) in subsection (1) after, “income tax purposes” insert **6A** in respect of either five or ten consecutive years of assessment (a “five year election” and a “ten year election”) **6B**;
- (b) in subsection (4) after, “for five” insert **6A**, or as the case may be, ten **6B**;
- (c) for subsections (5) and (6) substitute—

6A (5) If approved—

- (a) a five year election received on, or before 5 April, in circumstances where subsection (6) does not apply, applies for the year of assessment commencing on the following 6 April and for each of the four consecutive years of assessment immediately following that year;

¹ Tynwald approval is required by section 115A(2) of the Income Tax Act 1970.

- (b) a ten year election received on, or before, 5 April, in circumstances where subsection (6) does not apply, applies for the year of assessment commencing on the following 6 April and for each of the nine consecutive years of assessment immediately following that year.
- (6) An individual who commences residence in the Island during a year of assessment, (“year R”) may, within 60 days of doing so, make an election in respect of the period consisting of—
- (a) the remaining part of the year R and the four consecutive years of assessment immediately following that year; or
 - (b) the remaining part of the year R and the nine consecutive years of assessment immediately following that year. ~~■~~;
- (d) in subsection (7)(a) omit “five year”.
- (3) In section 2ZB (income tax cap), in subsection (2), omit “five”.
- (4) In section 2ZC (payment of the income tax cap amount), in subsection (1), omit “five”.

MADE 28 JANUARY 2020

A L CANNAN
Minister for the Treasury

EXPLANATORY NOTE***(This note is not part of the Order)***

This Order is made under section 115A of the Income Tax Act 1970. It amends sections 2ZA, 2ZB and 2ZC which deal with an election for, and the payment of, a tax cap.

As from 6 April 2020, the amendments provide for an election to be made covering a ten year period. The existing provisions relating to an election for a five year period remain in place.