

Statutory Document No. 2024/0068



Income Tax Act 1970

INCOME TAX (RATES OF INCOME TAX) (RESIDENT AND NON RESIDENT CORPORATE TAXPAYERS) (AMENDMENT) ORDER 2024

Approved by Tynwald: 20 February 2024

Coming into Operation in accordance with article 2

The Treasury makes the following Order under sections 1(2A), (3), (3A), (3B), (3BA), (3C) and 27A of the Income Tax Act 1970.

1 Title

This Order is the Income Tax (Rates of Income Tax) (Resident and Non Resident Corporate Taxpayers) (Amendment) Order 2024.

2 Commencement

If approved by Tynwald, this Order comes into operation on 6 April 2024¹ and shall have effect in respect of the income tax year commencing 6 April 2024 and all subsequent years.

3 Amendment of the Income Tax (Rates of Income Tax)(Resident and Non Resident Corporate Taxpayers) Order 2006

(1) The Income Tax (Rates of Income Tax) (Resident and Non Resident Corporate Taxpayers) Order 2006² is amended as follows.

(2) In article 3, for “this article” substitute **3** article 4(a) **22**.

(3) For article 4(a) substitute —

3(a) in respect of every pound of taxable income derived from banking business —

(i) for the income tax year commencing 6 April 2024 only, at a rate of 15% where the conditions in article 4A apply; or

¹ By virtue of section 1(3E) and 27A, an order under section 1 or section 27A of the Income Tax Act 1970 shall not come into operation unless it is approved by Tynwald.

² SD 224/06.

- (ii) if subparagraph (i) does not apply, at a rate of 10%; and **22**.
- (4) After article 4 insert —
- 4A** The conditions referred to in article 4(a)(i) are —
- (a) the accounting period of the corporate taxpayer commences on or after 31 December 2023; and
- (b) within the meaning of the OECD Model Rules —
- (i) the corporate taxpayer is a member of an MNE Group that has annual revenue of 750 million Euro or more in the consolidated financial statements of the ultimate parent entity in at least two of the four fiscal years immediately preceding the tested fiscal year, with the 750 million Euro threshold adjusted proportionately if one or more of the fiscal years taken into account is of a period other than 12 months; and
- (ii) an ultimate parent entity or intermediate parent entity of the corporate taxpayer is located in a jurisdiction that has implemented an IIR for fiscal years commencing on or after a date that is no later than 1 January 2024.
- 4B** For the purposes of article 4A(b) —
- (a) “OECD Model Rules” means the document entitled OECD (2021), Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris; and
- (b) a word or expression used in article 4A(b) that is defined in the OECD Model Rules has the meaning given in those Rules. **22**.
- (5) In article 5, for “This article” substitute **43** Articles 6, 6A and 6B **22**.
- (6) In the heading to articles 7 and 8, after “10%” insert **43**, 15% **22**.
- (7) In article 7, for “This article” substitute **43** Article 8 **22**.
- (8) In article 8 —
- (a) after “10%”, where it first occurs, insert **43** or 15% **22**;
- (b) after “10%”, where it occurs for the second time, insert **43**, 15% **22**.
- (9) In article 9, for “This article” substitute **43** Article 10 **22**.
- (10) For article 10 substitute —
- 43** 10 Unless a higher rate of income tax has been prescribed (in this or any other Order), such taxpayers shall pay income tax in

respect of every pound of taxable income at the prescribed rate, “the Standard Rate”, of 0% or such other rate as may be determined by resolution of Tynwald. **22**.

4 Amendment of the Income Tax (Rates of Income Tax) (Resident and Non-Resident Corporate Taxpayers) Order 2013

(1) The Income Tax (Rates of Income Tax) (Resident and Non-Resident Corporate Taxpayers) Order 2013³ is amended as follows.

(2) For article 4 (Retail business) substitute —

4 Retail business

(1) All corporate taxpayers who carry on retail business in the Isle of Man shall, in respect of that business, pay income tax in respect of every pound of taxable income —

- (a) for the income tax year commencing 6 April 2024 only, at a rate of 15% where the conditions in paragraph (2) apply; or
- (b) if subparagraph (a) does not apply, at a rate of 10%.

(2) The conditions referred to in paragraph (1)(a) are —

- (a) the accounting period of the corporate taxpayer commences on or after 31 December 2023; and
- (b) within the meaning of the OECD Model Rules —
 - (i) the corporate taxpayer is a member of an MNE Group that has annual revenue of 750 million Euro or more in the consolidated financial statements of the ultimate parent entity in at least two of the four fiscal years immediately preceding the tested fiscal year, with the 750 million Euro threshold adjusted proportionately if one or more of the fiscal years taken into account is of a period other than 12 months; and
 - (ii) an ultimate parent entity or intermediate parent entity of that corporate taxpayer is located in a jurisdiction that has implemented an IIR for fiscal years commencing on or after a date that is no later than 1 January 2024.

(3) For the purposes of paragraph (2)(b) —

- (a) “OECD Model Rules” means the document entitled OECD (2021), Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS, OECD/G20 Base

³ SD 0013/13.

- Erosion and Profit Shifting Project, OECD Publishing, Paris;
and
- (b) a word or expression used in paragraph (2)(b) that is defined in the OECD Model Rules has the meaning given in those Rules. **22**.
- (3) In article 8(1) (avoidance), for “at the prescribed rate of 10%” substitute, **23** in accordance with the rates in article 4 **22**.
- (4) In article 10 (group relief) –
- (a) number the existing text as paragraph (1); and
- (b) after paragraph (1) insert–
- 24** (2) In respect of the tax year commencing 6 April 2024 only, group relief is only available from a surrendering company under Schedule 2 of the Income Tax Act 1980 against retail business taxable at the 15% rate under article 4(1)(a), if the loss to be surrendered is from a trade or business that would be subject to a 15% rate of income tax under article 4(1)(a). **22**.

MADE 7TH FEBRUARY 2024

DR A ALLINSON
Minister for the Treasury



EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends both the Income Tax (Rates of Income Tax) (Resident and Non Resident Corporate Taxpayers) Order 2006 and the Income Tax (Rates of Income Tax) (Resident and Non Resident Corporate Taxpayers) Order 2013 to introduce, for the income tax year commencing 6 April 2024 only, a rate of income tax of 15% applicable to —

- corporate taxpayers in respect of every pound of taxable income derived from banking business; and
- corporate taxpayers who carry on retail business in the Isle of Man,

where that corporate taxpayer, within the meaning of the OECD's Global Anti-Base Erosion Model Rules, has an ultimate parent entity or intermediate parent entity located in a jurisdiction that has implemented an IIR and is a member of an MNE Group which meets specified revenue requirements.

This Order also makes some additional small amendments to the Income Tax (Rates of Income Tax) (Resident and Non Resident Corporate Taxpayers) Order 2006.