



INCOME TAX
EXTRA STATUTORY CONCESSION
TAXABLE BENEFITS

Approved by Tynwald

26th April 2006

The Treasury has agreed the following Concession -

1. This Concession has effect for the year of assessment commencing 6 April 2006 and subsequent years of assessment.
2. For the purposes of this concession:
 - (a) 'benefit' means Child Benefit, Family Income Supplement and Income Support paid by the Isle of Man Department of Health and Social Security;
 - (b) 'single person's allowance' means the amount applicable under section 35(3) of the Income Tax Act 1970 ^(a);
 - (c) 'jointly assessed' means that an election is in force under section 65A of the Income Tax Act 1970 for the year of assessment;
 - (d) 'combined married couple's allowance' means the amount applicable under section 35(1) of the Income Tax Act 1970.
3. Where a single person's only source of income in a year of assessment is one or more of the benefits detailed in paragraph 2 (a) above, the Assessor will not pursue the income tax liability arising on that income.
4. Where a married couple are jointly assessed in a year of assessment and their only source of income in that year of assessment is one or more of the benefits detailed in paragraph 2 (a) above, the Assessor will not pursue the joint income tax liability arising on that income from either partner of the marriage.

(a) Vol. XXI p.260

5. Where a single person receives one or more of the benefits detailed in paragraph 2 (a) above and also receives other income during a year of assessment and that other income amounts to less in aggregate than the single person's allowance applicable to that year of assessment, the Assessor will not pursue the income tax liability arising on the person's total income.
6. Where a married couple are jointly assessed in a year of assessment and receive one or more of the benefits detailed in paragraph 2 (a) above and also receive other income during the year of assessment and that other income is less in aggregate than the combined married couple's allowance applicable to that year of assessment, the Assessor will not pursue the joint income tax liability arising on the couple's total income from either partner of the marriage.
7. The Assessor may adjust a person's tax code to apply this concession accordingly and to prevent overpayment of income tax through the Income Tax Instalment Payments system.
8. Where any person has overpaid income tax as a result of circumstances as set out in this concession, the Assessor may adjust their tax assessment accordingly to ensure that any overpayment is refunded.
9. This concession is of general application, but in a particular case there may be special circumstances which will require to be taken into account in considering the application of the concession. This concession will be withdrawn in any case where the Assessor determines that the concession has been or is intended to be subject to abuse.

MADE 29th March 2006



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Minister for the Treasury

EXPLANATORY NOTE
(This note is not part of the Concession)

The Treasury Minister announced in his 2006 Budget statement his intention to bring forward a concession which prevented a person from having to pay income tax where their only source of income was child benefit, family income supplement or income support.

This concession will ensure that a person receiving this type of benefit does not have to pay tax unless they have other income which exceeds their personal allowance. In some cases it may not be possible to decide whether the concession applies until after the end of the year of assessment, when details of income for the full year can be established. However, where a person's income is more predictable, the concession will allow alteration of their tax code to try to avoid overpayment. Where tax has been deducted the concession allows for adjustment of their assessment, and where appropriate, refunds to be made.