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PRACTICE NOTE

PN 56/95

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UK/IOM Double Taxation Arrangement

Introduction

The Double Taxation Relief (Taxes on Income)(United Kingdom) Order 1995 GC 55/55 was amended by the Double Taxation Relief (Amendment) Order 1994 SD 112/94 which was signed on 31 March 1994.

The effect of this amendment is to exclude exempt companies, international companies and international limited partnerships from the double taxation relief provisions of the Arrangement if they pay Manx income tax at a rate less than the standard rate (currently 15 %).

Implementation

In accordance with the provisions of Paragraph 4(2) of the Double Taxation Relief (Amendment) Order 1994 SD 112/94, this Arrangement came into force with effect from 3 January 1995.

Explanatory Note

This amendment applies to any person who is assessed in accordance with, or is exempt from assessment by virtue of the provisions of:

- the Income Tax (Exempt Companies) Act 1984, or
- the International Business Act 1994, in respect of any income or profits:

arising on or after 3 January 1995 and assessed at a rate less than the standard rate of tax.

The effect of the amendment is to make relief or exemption from United Kingdom tax under the 1955 Arrangement dependent on a person who is entitled to the benefit of certain special provisions of Isle of Man law being assessed under those provisions on the whole of his income at the standard rate of tax in force in the Isle of Man at the relevant time.