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INCOME TAX DIVISION

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PRACTICE NOTE

PN 54/94

Date: 7 October 1994

Penalty And Interest Remission Scheme Deadline 31st October 1994

The Penalty and Interest Remission Scheme gives taxpayers an opportunity to declare omitted or undeclared income and pay arrears of income tax without incurring any penalties or interest charge and to have default assessments reviewed. The Scheme closes on 31st October 1994.

From 1st November 1994 penalty and interest procedures will be brought back into force.

The Income Tax Division presently holds information concerning many taxpayers which does not reconcile with what they have declared in their income tax returns.

Examples of sources of income commonly overlooked are:-

Post Office/National Savings Interest

Income from income bonds

Bank/Building Society interest - from Manx accounts and accounts held Outside the Isle of Man

Rental income

Unrecorded business cash sales

Income from private or part-time work done at night or weekends

income from 'Foreigners'

Speculative trading transactions in land and property

Assets transferred from a company to the directors/shareholders at less than the market value.

Land or other assets acquired by company directors/share holders and sold into a company within a short period at an enhanced value

For taxpayers with a declaration to make, this is an opportunity to bring their affairs up to date without having to face the additional cost of penalties and interest.

It is also an opportunity to secure written clearance for individual taxpayers in areas of doubt for example, the tax treatment of investment products held by that individual.

Providing notification is received by the Income Tax Division from the taxpayer or agent on or before 31st October 1994 of an intention to take advantage of the Scheme, it will be accepted as a disclosure, with the arrears to be agreed and paid as soon as possible.

The Income Tax Division Remission Officers can be contacted on 685397, 685438 or 685424. The Remission Officers will help with any doubts or queries.

Note:

The Penalty and Interest Remission Scheme applies to VAT as well as to income tax and details can be obtained from the Customs and Excise Division on 674321. The same 31st October 1994 deadline applies for declarations relating to VAT.