



PRACTICE NOTE

PN 40/92

Date: 10th June 1992

Relocation Expenses - (Benefits In Kind)

Introduction

The Division has by concession not taxed the benefit which can arise out of the payment of relocation expenses paid by an employer to an employee provided :-

- the payments arose as a direct result of a person moving to the Island to take up employment
- the payments were reasonable in amount.

Revised Concession

a) REMOVAL EXPENSES - the following limits will apply to payments made on or after 6 April 1992. Unless clearance was sought, all payments made prior to this date should be reported on Form T9 irrespective of the amount paid.

- Removal expenses borne directly by an employer when an employee takes up residence in the Isle of Man will not be assessed as a benefit in kind provided they do not exceed £10,000 in total.
- Amounts which in total exceed £10,000 will need to be reported on Form T.9 unless prior clearance has been given that no benefit arises.
- Expenses include the direct costs of selling an old home and legal costs of acquiring a new one, removal expenses and indirect costs arising out of the dislocation, e.g. carpets, curtains etc.

b) TRAVEL EXPENSES - this has been extended to cover the first 6 months of residence. Prior to 6 April 1992 only 1 visit was covered by the concession.

- Where an employee takes up residence in the Isle of Man, the cost of travelling between the old home and the Island, which are incurred in the first six months of employment, will not be treated as a benefit.
- The expenses are additional to the expenditure under removal expenses

c) EMPLOYERS RECORDS

- Full records must be maintained of all payments made and must be available for inspection under the I.T.I.P. Regulations.