



**Isle of Man  
Government**

*Reillys Ellan Vannin*

# The Treasury *Yn Tashtey*

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## **INCOME TAX DIVISION**

Government Office, Douglas  
Isle of Man, British Isles  
IM1 3TX

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## **PRACTICE NOTE**

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**PN 20/88**

**Date: 16 November 1988**

### **Income Tax Division - Sub Postmasters Basis Of Assessment Introduction**

Consequent upon the Income Tax (Amendment) Act 1986 the basis of assessment of Sub-Postmasters has to be revised as their income from employment by the Post Office Authority is now assessable on a current year basis.

#### **Types Of Sub-Postmasters**

1. Those who only operate a Sub Post Office.
2. Those who combine the operation of a Sub Post Office with a full trade.
3. Those whose main occupation is the Sub Post Office but there is also a small amount of trade.

#### **Basis Of Assessment**

a. It is proposed that type 1 Sub Postmasters will be allowed in accordance with the provisions of Section 31 of the Income Tax Act 1970 (as amended) to claim the actual expenses incurred in the year ended 5 April of the year of assessment against the actual income received by way of their employment. Until such times as these actual expenses are known the previous year's expenses will be allowed as a deduction in their code for modified ITIP purposes.

b. Where a Sub Postmaster carries on a full trade, all expenses incurred will be assumed to have been incurred in acquiring the income of that trade and therefore any profit or losses will be assessed or allowed on the normal preceding year basis separate from the Sub Postmaster's income from employment. This means that unless there is a regular excess of expenditure against the trading income there will be no allowances in the code for any trading expenditure. Any Sub Postmaster who feels that this practice would be inequitable will be entitled to claim the actual expenses incurred in acquiring the Sub Postmaster's income from-employment and to that extent he will be required to keep a separate set of records relating exclusively to the employment and a separate set of records relating exclusively to the trading income.

c. With those Sub Postmasters who carry on a very small trade, it is proposed that all the expenses incurred will be treated as if they had been incurred in acquiring the Sub

Postmaster's income and these will be allowed as in paragraph (a) on a current year basis. The income from the trade will, however, continue to be assessed on a previous year basis in accordance with the provisions of Section 3 of the Income Tax Act 1970 but with no expenses being allowed.

## **Summary**

These proposals are for guidance only and if any Sub Postmaster or his agent feels that any of the proposals of either (a), (b) or (c) would produce an inequitable or distorted result in their case, then the Assessor is prepared to consider an alternative means of assessment, on the understanding that once the basis of assessment has been decided upon, then the taxpayer will have to adhere to that basis of assessment.

It is proposed not to alter any of the ITIP coding notices until April 1989.

Any Sub Postmasters or agents who have any views on this Practice Note should write to this office directly or via the Sub Postmasters National Federation, Local Branch, with their proposals before the 31 December 1988.