



Isle of Man
Government

Reilhtys Ellan Vannin

The Treasury *Yn Tashtey*

Assessor
W J Killip

Telephone: (01624) 685400
Fax: (01624) 685351
E-mail: incometax@itd.gov.im
Website: www.gov.im/incometax

INCOME TAX DIVISION

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

PRACTICE NOTE

PN 17/88

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Construction Industry Tax Deduction Scheme

Introduction

A direction is to be issued in accordance with Section 6 of the Income Tax (Instalment Payments) Act 1974 bringing into force the tax deduction scheme for sub-contractors in the Construction Industry. A guide to its operation, returns to be completed and copies of the certificates to be issued are enclosed with this Practice Note. The scheme will operate in respect of payments made on or after 6th October 1988.

Exemption

To ease the burden of the 20% deduction an exemption system will be introduced enabling certain sub-contractors to receive payments gross. This facility will only be available to persons who are resident in the Isle of Man for income tax purposes, have no outstanding income tax returns and no arrears of tax. Application forms will be available at this Office from Wednesday 6th July 1988.

U K / I O M Double Taxation Relief Order

Persons who fall within the terms of the Order will also be entitled to have payments made gross provided they do not maintain a permanent establishment on the Island. In this context a permanent establishment means a branch, management or other fixed place of business but excludes an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of the person or has a stock of merchandise from which orders are regularly filled on that persons behalf.