



INCOME TAX ACT 1970

INCOME TAX (BENEFITS IN KIND) (EXEMPTIONS) ORDER 2007

Approved by Tynwald 20th November 2007

Coming into operation in accordance with article 1(1)

In exercise of the powers conferred on the Treasury by section 2G(4) of the Income Tax Act 1970^a, and of all other powers enabling it in that behalf, the following Order is hereby made:-

Citation and commencement

1. (1) This Order may be cited as the Income Tax (Benefits in Kind) (Exemptions) Order 2007 and shall come into operation on the date on which it is approved by Tynwald.

(2) This Order shall have effect in respect of the income tax year commencing 6th April 2007 and subsequent years.

Revocation

2. The following orders are revoked-

- (a) the Income Tax (Benefits in Kind) (Exemptions) Order 1990^b;
- (b) the Income Tax (Benefits in Kind) (Exemptions) (Amendment) Order 1998^c;
- (c) the Income Tax (Benefits in Kind) (Exemptions) (Amendment) Order 2001^d;
- (d) the Income Tax (Benefits in Kind) (Exemptions) (Amendment) Order 2002^e.

Benefits in Kind: Exemptions

3. (1) Section 2G of the Income Tax Act 1970 shall not apply-

- (a) where the benefit consists in provision for the employee, in premises occupied by the employer or others providing it, of accommodation, supplies or services used by the employee solely in performing the duties of employment;
- (b) in a case where living accommodation is provided by reason of a person's employment, where the benefit consists in-

^a Vol. XXI p. 260

^b GC 448/89

^c SD 119/98

^d SD 35/01

^e SD 148/02

- (i) alterations and additions to the premises concerned which are of a structural nature; and
 - (ii) repairs to the premises of a kind which, if the premises were let under a lease to which paragraph 1(1) of Schedule 1 to the Tenancies (Implied Terms) Act 1954^f (repairing obligations) applies, would be the obligation of the lessor under the covenant implied by that paragraph;
- (c) where the benefit consists in provision by the employee's employer for the employee, or for the spouse, children or dependents of the employee, of any pension, annuity, lump sum, gratuity or other benefit to be given on the employee's death or retirement;
- (d) where the benefit consists in provision for the employee by his employer of meals in any canteen in which meals are provided for the staff generally;
- (e) where the benefit consists in providing insurance for an employee who is resident in the Island against the cost of providing the employee with medical treatment (including providing for him to be an in-patient); and for the purposes of this subparagraph, medical treatment includes;
- (i) all forms of treatment for, and all procedures for health screening and diagnosing, any physical or mental ailment, infirmity or defect; and
 - (ii) the provision of insurance for dental care;
- (f) where the benefit consists in-
- (i) provision for the employee by his employer of a free or subsidised car park at or near to the employee's place of work; or
 - (ii) making any payment to the employee in respect of charges incurred by the employee for the use of a car park at or near to such place;
- but in either case only where the principal use of such a car park is by the employee during periods when he is attending his place of work;
- (g) where the benefit consists in the provision (by, or at the expense, wholly or partly, of the employee's employer) of nursery or crèche facilities at-
- (i) any premises in respect of which that person is registered under section 64(1)(b) of the Children and Young Persons Act 2001^g; or
 - (ii) the home of a person registered under section 64(1)(a) of that Act, for a child of an employee where the facilities are necessary to enable the employee to attend at his place of employment to perform the duties of his employment;
- (h) where the benefit consists in the provision (by, or at the expense, wholly or partly of, the employees' employer) of a Christmas Party once in each year for the employees of the employer where the sum expended for the benefit of each employee does not exceed £100;

^f Vol. XVIII p.448

^g 2001 c.20

- (i) in the case where living accommodation is provided by the Department of Home Affairs for uniformed police officers who occupy houses attached to an operational police station in their capacity as the community officer for that local area;
 - (j) in the case where a van, lorry or similar commercial vehicle is provided to an employee by reason of a person's employment, where the benefit consists in provision of the use of the vehicle other than for the business purposes, where the main purpose of the vehicle within the business is-
 - (i) the transportation of goods or materials used within the trade; or
 - (ii) the transportation of goods in the course of conducting a delivery service; or
 - (iii) the transportation of the tools or equipment used by the employee in performing their duties;
 - (k) where the benefit consists in the provision (wholly and directly at the expense of the employees' employer) of scheduled bus or coach transport by the holder of a licence for regular service granted by the Road Transport Licensing Committee under section 25 of the Road Transport Act 2001^h;
 - (l) where the benefit consists in the provision which includes the handset, line rental and call charges, (wholly and directly at the expense of the employees' employer) of one mobile phone for the benefit of the employee but the contract with the service provider must be in the employer's name;
 - (m) where the benefit consists in the provision (wholly and directly at the expense of the employees' employer) of sports and recreational facilities at their place of work solely for the benefit of all the employees of that employer but the facilities must be available to all staff and not generally available to members of the public;
 - (n) where the benefit consists in the provision of any other benefits to an employee by his employer of a value not exceeding £400 in the aggregate in any year;
 - (o) subject to paragraph (2), where the benefit consists in the provision and installation (by, or at the expense, wholly or partly of, the employees' employer) of -
 - (i) a personal computer to an employee for use at the employees' home, including devices designed to be used by being connected to or inserted in that computer;
 - (ii) a regular land telephone line and broadband internet access for that computer and any associated expenses at the employee's home;
- (2) Paragraph (1)(o) applies only in respect of the first £1,000 of the aggregate cash equivalent of the benefit but the cost of installation of any land telephone line or broadband internet connection shall not be taken into account in calculating that figure if all private calls and private internet use is reimbursed by the employee.

^h 2001 c.27

if the subject to the employee reimbursing the employer for private calls and internet use.

This article shall apply in respect of the income tax year commencing on the 6th April 2007 and subsequent years.

Made this 10th day of October 2007



Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order consolidates a number of previous Orders made under section 2G(4) of the Income Tax Act 1970. It exempts certain benefits in kind from the charge to income tax under that section. This order also introduces a number of new exemptions. Where the employer provides travel on scheduled services, broadband internet access, a mobile phone or sports and recreational facilities at the place of work there will be no charge to income tax on the employee.