
PRACTICE NOTE

PN 193/16

Date: 16 February 2016

RELOCATION EXPENSES BENEFIT IN KIND EXEMPTION

INTRODUCTION

The Income Tax Division has, by concession, not taxed certain relocation expenses met by an employer in respect of a new employee relocating to the Isle of Man, subject to certain conditions and limits.

From 6 April 2016, instead of a concessionary treatment, reasonable relocation expenses and other costs relating to a person moving to the Isle of Man to take up full-time employment will be specifically exempted from charge under Section 2G of the Income Tax Act 1970 (see [SD 2016/0028](#) Income Tax (Benefits in Kind) (Exemptions) Order 2016).

The statutory exemption will apply to relocation expenses of up to £20,000, which is double the amount previously allowed by concession in PN 40/92 – Relocation expenses (Benefits in Kind).

This Practice Note replaces PN 40/92, which will continue to apply in respect of expenses paid before 6 April 2016.

DETAILS AND CONDITIONS OF THE EXEMPTION

With effect from 6 April 2016, the following benefits provided by an employer to a person as a direct result of moving to the Isle of Man to take up full-time employment with that employer will be exempt from any charge to income tax.

a) Reasonable relocation expenses of no more than £20,000 in total

“Reasonable relocation expenses” include:

- the direct costs of selling the person’s current home;
- the legal costs of acquiring a new home in the Isle of Man;
- removal expenses; and
- indirect costs relating to the move, such as replacing carpets and curtains in the new home.

b) Travel Expenses

In addition to the £20,000 limit for relocation expenses, the exemption will also apply to costs met by the employer for travel between the person's previous home and the Isle of Man in the first 6 months of employment.

c) Temporary Accommodation

The exemption will also apply to costs met by the employer for the provision of temporary accommodation for the person in the first 3 months of employment.

REPORTING AND RECORD KEEPING

In the event that the total "reasonable relocation expenses" exceed £20,000, the employee will be subject to a benefit in kind charge in respect of the amount exceeding the £20,000 limit. This amount should be reported to the Income Tax Division on Benefit in Kind form T9.

Any personal travel costs met by the employer after the first 6 months of employment will be subject to a benefit in kind charge and should be reported in full on form T9.

Where the costs of temporary accommodation continue to be met by the employer after the first 3 months of employment, such expenses incurred after the initial 3 month period will also be subject to a benefit in kind charge and should be reported on form T9.

Relocation expenses not exceeding £20,000 do not need to be reported to the Division. Similarly, employers do not need to report travel expenses or temporary accommodation costs that fall within the time limits mentioned previously.

However, full records of all payments made must be maintained by the employer and must be available for inspection under the ITIP Regulations.

Nicola Guffogg
Assessor of Income Tax

This Practice Note is intended only as a general guide and must be read in conjunction with the appropriate legislation. It does not have any binding force and does not affect a person's right of appeal on points concerning their own liability to income tax.

Comments and suggestions for improvements of issued Practice Notes and suggestions for future Practice Notes are always welcome.