

Statutory Document No. 2016/0121



Income Tax Act 1970

DOUBLE TAXATION ARRANGEMENT (UNITED KINGDOM) (AMENDMENT) ORDER 2016

Approved by Tynwald: 17 May 2016
Coming into Operation: 20 May 2016

The Council of Ministers makes the following Order under sections 104B and 104C of the Income Tax Act 1970.

1 Title

This Order is the Double Taxation Arrangement (United Kingdom) (Amendment) Order 2016.

2 Commencement

If approved by Tynwald¹, this Order comes into operation on 20 May 2016.

3 Interpretation

In this Order “**applicable arrangement**” means the arrangement concluded between Her Majesty’s Government and the Government of the Isle of Man which is set out in the Schedule.

4 Implementation of the applicable arrangement

It is declared that –

- (a) the applicable arrangement (which amends existing arrangements) has been made with Her Majesty’s Government for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income; and
- (b) the arrangement should have effect as part of the law of the Island.

¹Tynwald approval is required by section 104B(6) of the Income Tax Act 1970.

MADE 11th April 2016

W. Alow.
Chief Secretary

EXPLANATORY NOTE

(This note is not part of the Order)

This Order is made under sections 104B and 104C of the Income Tax Act 1970. It implements an arrangement negotiated between Her Majesty's Government and the Government of the Isle of Man which further amends the 1955 arrangement between the two Governments for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

**APPENDIX 1**

**ARRANGEMENT BETWEEN HER MAJESTY'S GOVERNMENT AND THE
GOVERNMENT OF THE ISLE OF MAN AMENDING THE 1955 ARRANGEMENT
BETWEEN THE TWO GOVERNMENTS FOR THE AVOIDANCE OF DOUBLE
TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO
TAXES ON INCOME AS AMENDED BY THE 1991, 1994, 2008 AND 2013
ARRANGEMENTS BETWEEN THE TWO GOVERNMENTS**

Her Majesty's Government and the Government of the Isle of Man,

Desiring to strengthen their economic relationship and to improve the operation of the existing arrangement between the two governments for the avoidance of double taxation and the prevention of fiscal evasion, have agreed as follows:

1. In this Arrangement the term "1955 Arrangement" means that Arrangement as amended by the 1991, 1994, 2008 and 2013 Arrangements.
2. To insert after subparagraph (4) of paragraph 3 of the 1955 Arrangement the following new subparagraph:

“(5) Where profits include items of income or capital gains which are dealt with separately in other paragraphs of this Arrangement, then the provisions of those paragraphs shall not be affected by the provisions of this paragraph.”
3. To insert after paragraph 3 of the 1955 Arrangement the following new paragraphs:

“3A. (1) Income derived by a resident of one of the territories from immovable property (including income from agriculture or forestry) situated in the other territory may be taxed in that other territory.

(2) The term “immovable property” shall have the meaning which it has under the law of the territory in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

(3) The provisions of subparagraph (1) shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

(4) The provisions of subparagraphs (1) and (3) shall also apply to the income from immovable property of a United Kingdom enterprise and a Manx enterprise.”

“3B. (1) Gains derived by a resident of one of the territories from the alienation of immovable property referred to in paragraph 3A and situated in the other territory may be taxed in that other territory.

(2) Gains derived by a resident of one of the territories from the alienation of shares, other than shares in which there is substantial and regular trading on a Stock Exchange, or



comparable interests, deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other territory may be taxed in that other territory.”

4. Each of the territories shall notify to the other the completion of the procedures required by its law for the bringing into force of this Arrangement. This Arrangement shall enter into force on the date of the later of these notifications and shall thereupon have effect from 16 March 2016.