

PRACTICE NOTE

PN 220/23

Date: 21 February 2023

BUDGET 2023 - INCOME TAX AND NATIONAL INSURANCE PROPOSALS

In his Budget speech today, the Minister for the Treasury, the Hon. Dr. Alex Allinson, MHK, announced various taxation and National Insurance measures.

This Practice Note contains further information regarding the changes.

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1. INCOME TAX ALLOWANCES AND RATES OF TAX

The following rates and allowances will apply for the 2023/24 tax year commencing on 6 April 2023:-

Personal allowances	2023/24	2022/23
	£	£
Single person	14,500*	14,500
Married couple/civil partners (combined)	29,000*	29,000
Additional Personal Allowance	6,400	6,400
Blind person	2,900	2,900
Disabled person	2,900	2,900
Co-habiting couple's maximum addition	6,400	6,400

* Personal Allowance will be reduced by £1 for every £2 over £100,000 (over £200,000 for married couple/civil partners). Total income of £129,000 or above (£258,000 for married couple/civil partners) will not get a personal allowance

Income tax rates

	2023/24	2022/23
Individuals	%	%
Resident		
Single: Lower rate on first £6,500	10	10
Married couple/civil partners - jointly assessed: Lower rate on first £13,000	10	10
Higher rate on balance	20	20
Non-resident:		
Non-resident rate on all income	20	20
Companies		
Banking business	10	10
Land & property in the Isle of Man	20	20
Retail business - profits above £500,000	10	10
All other income	0	0
Other non-corporates	20	20

2. NATIONAL INSURANCE CONTRIBUTIONS

The following rates and thresholds will apply for the 2023/24 tax year commencing on 6 April 2023:-

Item (per week unless stated otherwise)	2023/24	2022/23
Lower Earnings Limit (LEL)	£123	£123
Upper Accrual Point (UAP)	N/A	N/A
Upper Earnings Limit (UEL)	£864	£823
Primary Threshold	£145	£138
Secondary Threshold	£145	£138
Prescribed annual equivalent of primary threshold	£7,540	£7,176
Prescribed annual equivalent of secondary threshold	£7,540	£7,176
Class 1 employees' primary rate of NI (between primary threshold and UEL)	11%	11%
Class 1 employees' additional rate of NI (above the UEL)	1%	1%
Class 1 employers' rate of NI (on all earnings above secondary threshold)	12.8%	12.8%

Class 2 rate self-employed	£5.70	£5.40
Class 2 small earnings exception level (annual)	£7,540	£7,176
Class 2 rate for volunteer development workers	£6.15	£6.15
Class 2 rate for share fishermen	£7.00	£6.70
Class 3 voluntary contributions	£17.45	£15.85
Class 4 lower profits limit (annual)	£7,540	£7,176
Class 4 upper profits limit (annual)	£44,928	£42,796
Class 4 rate between the lower & upper limits	8%	8%
Class 4 rate above the upper limit	1%	1%

3. NATIONAL INSURANCE HOLIDAY SCHEME

The scheme which commenced on 6 April 2019 aimed at attracting new people to take up employment and residence in the Island as well as attracting students back to the Island once they have completed their studies elsewhere will continue for a further year.

A person who meets the requirements of the scheme will be able to apply for a refund of the Class 1 National Insurance contributions they pay as an employee during the relevant 12 months of their employment on the Island.

From 6 April 2023 the scheme has been updated and details of the changes can be found in the updated PN 207/19 – National Insurance Holiday Scheme.

4. BENEFIT IN KIND

From the tax year commencing 6 April 2023, only the amount of general benefits in kind above £600, provided by an employer to an employee, will be subject to income tax. The first £600 will be exempt from income tax. This will not apply in respect of accommodation and associated expenses. The treatment of bicycles, cars and fuel remains unaffected.

Further details can be found in GN40 – Benefits in Kind Guide 2021.

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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.