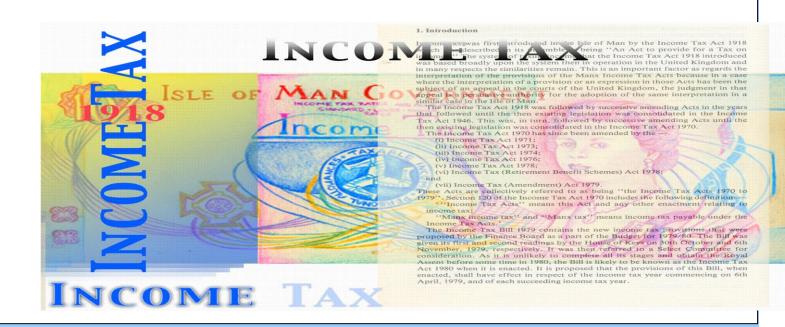


Reiltys Ellan Vannin



Tax Relief for Private Medical Insurance

Guidance Note – GN14



PLEASE NOTE:

This guidance has no binding force and does not affect your right of appeal on points concerning your liability to tax.

The information in this booklet can be provided in large print on request.

CONTENTS

1	INTRODUCTION		2
2 CONDITIONS		ITIONS	2
	2.1	To qualify for tax relief	2
	2.2	Eligible contracts	2
3	COVER PROVIDED		3
4	LIMITS		3
5	CLAIMING RELIEF		3
6	EXISTING CONTRACTS		4
7	GENERAL INFORMATION		4
	7.1	Further Considerations	4
	7.2	Further Information	4

1 INTRODUCTION

This guide explains how you can get tax relief for premiums paid on a private medical insurance contract (often called a private health policy or scheme).

It sets out who can claim the relief, the conditions and the type of cover that the contract must provide. It also includes the changes announced on 17 March 1998 by the Treasury Minister in his budget speech.

Not all private medical insurance schemes are eligible for tax relief. It depends whether or not the contract meets the conditions set out in law for relief.

Your insurer should be able to tell you if a contract is eligible for Manx tax relief, or you can contact the Income Tax Division directly. You will find the address on page 4.

You can only get tax relief if you are subject to and suffer Isle of Man income tax in the year that you make payments on any eligible contracts. If you do not receive enough income to suffer tax, no relief is available.

2 CONDITIONS

2.1 To qualify for tax relief

- You must be resident in the Isle of Man for tax purposes and pay the premiums on an eligible contract.
- The contract must insure either you or someone else, for example a relative or friend, who must also be resident in the Isle of Man for tax purposes.
- The insured person must be at least 60 years old, or if the insured persons are a married couple or civil partners then one partner must be at least 60 years old.

2.2 Eligible contracts

To be eligible, the contract must provide cover for:-

- A person aged 60 years or over, or
- A married couple or civil partners where at least one partner is aged 60 years or over.

Apart from the younger partner of the marriage or civil partnership, the contract may not cover anyone else who is under 60 years old. For this reason, family policies are not usually eligible for tax relief purposes, (see section 6).

3 COVER PROVIDED

The contract should provide cover for medical or surgical treatment given or supervised by a qualified medical or dental practitioner.

In addition to offering cover for hospital treatment, a contract may offer cover for operations by General Practitioners in their surgeries or clinics (but not for GP consultations or prescriptions) and physiotherapy treatment prescribed by a General Practitioner.

A contract will not be eligible if it provides any of the following items:-

- Cash benefits in excess of £100 per night while undergoing treatment in a hospital bed.
- Dental treatment carried out by a general dental practice.
- Eye tests and other eye treatments not carried out in a hospital.
- Plastic surgery carried out for cosmetic reasons (for example a facelift).
- Policies that provide cash payments for loss of limbs or dismemberment.
- Schemes that provide cash benefits only

4 LIMITS

There is a limit to the amount of tax relief that you can get in any one year of assessment.

Tax relief is given by way of deducting the amount of premiums paid from your taxable income. Relief is restricted to 10% for private medical insurance payments.

The maximum deduction for payments made after 6 April 1998 is limited to £1,800 (£3,600 for jointly assessed couples where both partners are insured and at least one is over 60 years).

There is no limit to the amount of policies that you pay as long as they are eligible. So you could claim for your own eligible contract if you are 60 years or over, and also on an eligible contract that you pay to insure a relative if they are also 60 years or over. The amount you pay will be aggregated, and limited to the maximum deduction allowed as above.

5 CLAIMING RELIEF

To claim tax relief you will need evidence of payment of the contract premiums. This should be forwarded to the Income Tax Division with your completed tax return, which is issued to you during April every year. You should complete the section called Private Medical Insurance with the details of the payments, and forward details of the rules of the scheme with your first claim.

If you pay tax through the ITIP scheme on your employment or occupational pension, you should contact the Income Tax Division as soon as you start paying premiums so that your code can be altered to give you tax relief immediately. You will be asked to give full details of the insured person and the name of the scheme and provider.

3

6 April 2012

6 EXISTING CONTRACTS

If you or your family have existing contracts that are not eligible, it may be possible to transfer to an eligible scheme. You should contact your insurance provider for advice on the implications of such a transfer.

If you have a family contract which is not eligible, you may be able to separately insure the parties to benefit from eligible schemes for those of the appropriate age. Again, you should contact your insurance provider or advisor on this subject.

If you have an existing contract but the insured parties are not yet age 60, it may become eligible when they reach that age. It will depend on the cover provided and all the previously mentioned conditions and any new conditions that may be brought in as to whether it will be eligible.

If an existing contract becomes eligible on the insured reaching age 60, you will get tax relief on all premiums paid after their 60th birthday.

7 GENERAL INFORMATION

7.1 Further Considerations

As with all financial matters, the decisions that you make should consider all implications and not just taxation treatment. This guide is not intended in any way to advise on whether a particular policy will suit you or your family. It merely points out the conditions that the payer, the insured and the contract must meet to qualify for tax relief purposes.

7.2 Further Information

This leaflet does not cover every point about tax relief. It is intended as a general guide. If you need any further information or would like to discuss this matter please contact the Division at this address -

Address: The Treasury

Income Tax Division

Second Floor

Government Office

Buck's Road Douglas IM1 3TX

Telephone: (01624) 685400 **Fax:** (01624) 685351

E-mail: incometax@itd.treasury.gov.im

Website: www.gov.im/incometax

Opening Hours: Monday to Thursday 9.15am – 5.00pm

Friday 9.15am – 4.30pm

6 April 2012 4