



Isle of Man Government

Reiltys Ellan Vannin

INCOME TAX

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1. Introduction

Income tax was first introduced in the Isle of Man by the Income Tax Act 1918 which is described in its preamble as being "An Act to provide for a Tax on the income of the system of Man". The Income Tax Act 1918 introduced was based broadly upon the system then in operation in the United Kingdom and in many respects the similarities remain. This is an important factor as regards the interpretation of the provisions of the Manx Income Tax Acts because in a case where the interpretation of a provision or an expression in those Acts has been the subject of an appeal in the courts of the United Kingdom, the judgment in that appeal is a persuasive authority for the adoption of the same interpretation in a similar case in the Isle of Man.

The Income Tax Act 1918 was followed by successive amending Acts in the years that followed until the then existing legislation was consolidated in the Income Tax Act 1946. This was, in turn, followed by successive amending Acts until the then existing legislation was consolidated in the Income Tax Act 1970.

The Income Tax Act 1970 has since been amended by the —

- (i) Income Tax Act 1971;
- (ii) Income Tax Act 1973;
- (iii) Income Tax Act 1974;
- (iv) Income Tax Act 1976;
- (v) Income Tax Act 1978;
- (vi) Income Tax (Retirement Benefit Schemes) Act 1978;
- and
- (vii) Income Tax (Amendment) Act 1979.

These Acts are collectively referred to as being "the Income Tax Acts 1970 to 1979". Section 120 of the Income Tax Act 1970 includes the following definitions—

"Income Tax Acts" means this Act and any other enactment relating to income tax;

"Manx income tax" and "Manx tax" means income tax payable under the Income Tax Acts.

The Income Tax Bill 1979 contains the new income tax provisions that were proposed by the Finance Board as a part of the Budget for 1979/80. The Bill was given its first and second readings by the House of Keys on 30th October and 6th November, 1979, respectively. It was then referred to a Select Committee for consideration. As it is unlikely to complete all its stages and obtain the Royal Assent before some time in 1980, the Bill is likely to be known as the Income Tax Act 1980 when it is enacted. It is proposed that the provisions of this Bill, when enacted, shall have effect in respect of the income tax year commencing on 6th April, 1979, and of each succeeding income tax year.

Payments to Non-Residents

Guidance Note – GN 28

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This booklet 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.

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

Introduction

This guide contains information on how income tax should be withheld on certain taxable payments to non-resident taxpayers (the recipient) and how the Isle of Man resident (the payer) should deduct and remit the payment to the Income Tax Division (the Division). Details of procedures and examples of the forms are also provided within this guide.

Where the recipient receives payment of rent in respect of Manx land and property, these payments will be subject to deduction of a 20% withholding tax.

Withholding tax of 20% should also be deducted where the recipient is an individual, the taxable payment is interest and the payer is:-

- an individual
- a company with income subject to income tax at 10% or 20%.

Forms

A description of the forms to be used is shown below.

Examples of the forms can be found in the Appendices on the page numbers shown.

Page Number	Form Number	Description of Form
13	N13	Certificate of non-resident tax deducted.
14	N15	Notice to deduct tax from payments made to non-residents. This form is issued by the Division to the payer.
15	N20	A form issued to Estate Agents to enable them to notify the Division when they have a new non-resident client to whom they are making a taxable payment.
16-17	N35	A remittance card showing any tax deductions made in a monthly period.
18-19	N37	An annual return made by the payer showing taxable payments and the tax deducted from them.

How the system operates

When the Division first becomes aware that a person is making taxable payments to a non-resident, a notice to deduct tax (form N15) will be issued to the payer.

The notice to deduct requires the payer to deduct non-resident tax at the rate specified on the notice from all future payments. Thereafter, when any payment is made to the non-resident recipient the payer should:

- deduct 20% tax (or other rate as specified on the notice) from the payment as appropriate (see page 3)
- issue a form N13 (certificate of non-resident tax deducted) to the recipient as their evidence of tax deducted
- forward the tax deducted to the Division within 14 days of the payment being made.

Please be aware that if payments are being made more frequently than monthly, the tax deducted should be forwarded to the Division by the 19th of each month in respect of all payments made between the 6th day of the previous month and the 5th day of the current month.

Further information on making a payment to the Division is contained on page 11.

Example

Tax deducted from weekly payments made in the monthly period 6/4/2016 – 5/5/2016 should be paid to the Division by 19/5/2016.

Tax deducted from the weekly payments made in the following month 6/5/2016 – 5/6/2016 should be paid to the Division by 19/6/2016.

The total amount of tax should be entered on the remittance card (N35) and then forwarded to the Division with the tax. The receipt of the payment will be noted on the card which will be returned to the payer.

Alternatively, the remittance card can be completed online with Online Tax Services. Nil remittances and payments by credit card and debit card can be made after registering for Online Services, then enrolling for Third Party Payer Tax Services at www.gov.im/onlineservices

If payments are made monthly or less frequently, the remittance card should be forwarded to the Division with the payment within 14 days of each payment being made.

Example

Tax deducted from a half-yearly rental payment made on 12/4/2016 should be forwarded to the Division by 26/04/2016 with the remittance card completed in respect of the period for payment 6/4/2016 – 5/5/2016. Alternatively, the remittance card can be completed online and payment made by credit or debit card.

Note – By concession, Estate Agents can remit on a quarterly basis, irrespective of how frequently they make payments to non-residents.

Annual Return

All payers are required to complete an annual return (form N37) showing the total payments made to each non-resident recipient in the tax year and the amount of tax deducted.

The total tax deducted entered on the annual return should agree with the total on the remittance card. This return should be submitted to the Division by 5 May each year. Reminders for outstanding return forms will be issued and action taken where returns are not received.

Example

Mr Brown pays rent of £800 per month to his landlord Mr Jones, who lives outside the Isle of Man. Mr Brown's rent is due on the 25th of each month.

When the Division became aware that rent was being paid to a non-resident landlord, a notice to deduct tax (form N15) was issued to Mr Brown. The notice instructed him to deduct tax from all future payments.

On the 25th of each month Mr Brown pays his rent. He deducts £160 tax (20%) and sends the balance of £640 to Mr Jones, together with the certificate of non-resident tax deducted (form N13).

On form N13 he records:

- the gross rent (£800)
- the amount of tax deducted (£160) and
- the net amount of rent paid (£640).

Mr Brown then enters the amount of tax deducted (£160) on the remittance card (N35) and sends the card and the payment of £160 to the Division within 14 days of the payment being made. The Division receipts £160 on the remittance card which is then returned to Mr Brown.

Alternatively, he completes the remittance card online and makes the payment by credit or debit card.

Continued.....

Example continued.....

In March, Mr Brown receives an annual return form (N37) from the Division. At the same time he also receives a remittance card (N35) for use the following year.

He totals the monthly entries on the remittance card and enters the total on the annual return, which should be submitted to the Division by 5 May. Continuing with Mr Brown's remittances, he will include £1,920 (12 months x £160) into the tax deducted column on the annual return.

Stationery included with this guide:

Included with this guide is the following stationery:

- a supply of certificates of non-resident tax deducted (form N13)
- a remittance card (form N35)
- an annual return (form N37) - please note that in future an annual return form will be sent to you each March
- and, for Estate Agents only, a supply of forms for new clients (form N20).

Please contact the Division at the address on page 12 when you require a further supply of forms.

How to make a payment to the Income Tax Division

Payments can be made in the following ways (a receipt will only be issued if requested):

- 1. In person at the Income Tax Division**
The public counter is on the 2nd Floor, Government Office, Buck's Road, Douglas. Please bring the N35 remittance card with you.
- 2. By post**
Address to Income Tax Division, Government Office, Douglas, Isle of Man, IM1 3TX ensuring that the remittance card is enclosed.
- 3. By card**
If you have a debit or credit card, you can pay either over the phone or at the counter. Please ring (01624) 686420, ensuring that you have your card details and remittance card with you.
- 4. Cheques and Postal Orders**
Cheques should be made payable to the Isle of Man Government and crossed. Post-dated cheques are not acceptable.
- 5. Online**
You can pay online with a credit or debit card after registering and enrolling for Online Tax Services at www.gov.im/incometax.

Contact information


If you require any further information or wish to discuss this matter, please contact

The Treasury
Income Tax Division
Second Floor
Government Office
Buck's Road
Douglas
Isle of Man
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

Appendices

FORM N13



ASSESSOR OF INCOME TAX

**Certificate of Non Resident
Tax Deducted**


Payer's Name: _____
Payee's Name: _____
Date of Payment: _____

Gross Income £ _____
Tax Deducted £ _____
Payment Made £ _____

Signature: _____

N 13

Form N15

 <p>Isle of Man Government <i>Keillyn Eilan Vannin</i></p>	<p>The Treasury <i>Yn Tashtey</i> Assessor of Income Tax Nicola Guffogg</p>	<p>Income Tax Division Government Office, Douglas Isle of Man, British Isles IM1 3TX Telephone : (01624) 68 Fax : (01624) 685351 Email : incometax@td.treasury.gov.im Website : www.gov.im/incometax</p>
<p>Please Contact : Our Reference : Your Reference : <input type="text"/> Date : 09 June 2016</p>		
<p><u>Notice to deduct tax from taxable payments to Non-Residents</u></p>		
<p>I hereby give notice under the Income Tax Act 1970 (as amended) that as from <u>xx April 20xx</u> you are required to deduct tax at the rate of 20% from all payments of <u>rent</u> made to <u>Mr A Non-Resident</u>.</p>		
<p>Tax deducted must be paid over to the Assessor within 14 days of the payment being made.</p>		
<p>NOTE: This notice serves as a notice of assessment and carries the same rights of appeal as any other notice of assessment to Income Tax.</p>		
<p><u>Assessor of Income Tax</u></p>		

Form N20



**The Treasury
*Yn Tashtey***

Assessor
N.Guffogg

Income Tax Division
Government Office, Douglas
Isle of Man, British Isles
IM1 3TX

Telephone : (01624) 685400
Fax : (01624) 685351
Email : incometas@td.treasury.gov.im
Website : www.gov.im/incometax

ESTATE AGENT – NEW CLIENT COMMENCING

Surname of Client (Mr, Mrs, Miss, Ms)	Forenames
Client's Address	
Address of Property Rented	

Date Rent Commenced: / /

Declaration

I confirm that to the best of my knowledge, the information given above is correct.

Signed (Estate Agent): Date: / /

Estate Agent's Name

Estate Agent's Reference Number												

N20

Form N35 - Front



ASSESSOR OF INCOME TAX
REMITTANCE CARD
FOR DEDUCTIONS OF
INCOME TAX FROM NON RESIDENTS

The Treasury
Yn Tashley

Income Tax Division
 Government Office, Douglas
 Isle of Man, British Isles
 IM1 3 TX

Telephone (01624) 685400
 Fax (01624) 685351
 Email incometax@itd.treasury.gov.im
 Website www.gov.im/incometax

Tax Reference No :
 -

YOUR ATTENTION IS DRAWN TO THE IMPORTANT INFORMATION PRINTED OVERLEAF

Period Number	Period for Payment	Number of Non-Residents	Total Tax deducted in period		The particulars required to be entered on this card are, to the best of my knowledge and belief, true and correct.			For Official Use Only	
			(B)	(C)	(D)	(E)	Remittance Received Date	Initials	
		(A)	£	p	Signed	Designation	Date		
1	6/4 - 5/5						: :	: :	
2	6/5 - 5/6						: :	: :	
3	6/6 - 5/7						: :	: :	
4	6/7 - 5/8						: :	: :	
5	6/8 - 5/9						: :	: :	
6	6/9 - 5/10						: :	: :	
7	6/10 - 5/11						: :	: :	
8	6/11 - 5/12						: :	: :	
9	6/12 - 5/1						: :	: :	
10	6/1 - 5/2						: :	: :	
11	6/2 - 5/3						: :	: :	
12	6/3 - 5/4						: :	: :	
Adjustments Additional Payments							: :	: :	
TOTAL							: :	: :	

N35

Form N35 - Back

INFORMATION ABOUT YOUR REMITTANCE CARD

GENERAL

You can now complete your remittance card online with Online Tax Services. Nil remittances and payments by credit card, debit card and BACS can be made after registering for Online Services, then enrolling for Third Party Payer Tax Services at www.gov.im/incometax.

If enrolled for Third Party Payer Tax Services and remittance payments are being made online, this remittance card is not required to be returned. If payments are not made online, this card should be returned to the **ASSESSOR OF INCOME TAX** within 14 days of each taxable payment being made to a non-resident, together with a remittance to cover the total amount for which you are accountable in respect of Non Resident Income Tax deductions. **THE RATE TO BE APPLIED TO TAXABLE PAYMENTS IS 20%, INCLUDING PAYMENTS OF RENT TO A COMPANY WHERE THE RATE TO BE APPLIED IS ALSO 20%.**

Details of your payment should be entered overleaf, columns (A) to (E) **must** be completed.

Where the taxable payments are made more frequently than monthly, please refer to the example on page 6 of the Division's guide "Payments to Non Residents".

METHODS OF PAYMENT

Payment of a balance outstanding may be made as follows (a receipt will only be issued if requested):

ONLINE

You can pay online with a credit card, a debit card or by BACS credit transfer after registering and enrolling for Online Tax Services at www.gov.im/incometax or at www.gov.im/onlineservices. Please ring 01624 651541 if you require any assistance.

AT THE INCOME TAX DIVISION

2nd Floor, Government Office, Douglas, Isle of Man, IM1 3TX. Please bring this card with you.
Monday to Thursday 9.15 am to 5 pm Friday 9.15 am to 4.30 pm

BY POST

Address to Income Tax Division, Government Office, Douglas, Isle of Man, IM1 3TX making sure that the remittance card is enclosed. Cash sent through the post should be by registered post only.

BY DEBIT/CREDIT CARD

If you have a debit card or a credit card, you can pay either over the phone or at the counter. Please ring (01624) 686420, ensuring that you have your card details and tax reference number, shown at the top overleaf, with you.

CHEQUES AND POSTAL ORDERS

Cheques should be made payable to the Isle of Man Government and crossed. Post-dated cheques are not acceptable.

QUERIES

Contact the Income Tax Division, Government Office, Douglas.

If you write - make sure you quote your Tax Reference number shown at the top overleaf
If you Telephone - please phone the Income Tax Division Enquiry number. Tel (01624) 685400.

Form N37 – Front



The Treasury
Yn Tashtey
Assessor of Income Tax
Nicola Guffogg

Income Tax Division
Government Office, Douglas
Isle of Man, British Isles
IM1 3TX

Telephone : (01624) 685400
Fax : (01624) 685351
Email : incometax@td.treasury.gov.im
Website : www.gov.im/incometax

Tax Reference :

Date :

RETURN OF TAXABLE PAYMENTS FOR YEAR ENDED 5TH APRIL 201X

Section 78 of The Income Tax Act 1970 requires you to deliver a return of taxable payments made to a person who is resident out of the Isle of Man.

If you are :

- 1) a person, other than an estate agent, paying rent to a non resident, please complete section 1
- 2) a person paying dividends, interest, interest from bonds, or maintenance, please complete section 2
- 3) an Estate Agent collecting rent on behalf of a non resident landlord please complete section 3

Section 1. Rent

Name of Non Resident Recipient	The Address of Non Resident Recipient	Gross Payment	Tax Deducted

Section 2. Dividends, Interest, Interest From Bonds, Maintenance, etc

Nature of Payments	Name of Non Resident Recipient	The Address of Non Resident Recipient	Gross Payment	Tax Deducted

