



**Isle of Man  
Government**

*Reilltys Ellan Vannin*

**INCOME TAX**

**ISLE OF MAN GOVERNMENT**  
**INCOME TAX RATES AND SCHEDULES**

**INCOME TAX**

**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 income in the system of assessment and that 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.

# Tax Arrangements Following a Death

## Guidance Note GN 37

This is a general guide only 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.

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## INTRODUCTION

This booklet explains what you need to do to finalise a deceased person's tax affairs.

After the death has been registered and a death certificate obtained, someone has to take responsibility as the deceased person's **personal representative**<sup>1</sup> for dealing with their estate, which includes their tax affairs.

To be able to do this, the personal representative first needs a **Grant of Representation**. This can be either:

- A Grant of Probate — where there is a will; or,
- A Grant of Letters of Administration — where there is no will (where the person has died intestate).

Full details of how to apply for the Grant of Representation can be obtained from:

General Registry  
Isle of Man Courts of Justice  
Deemsters Walk  
Buck's Road  
Douglas  
IM1 3AR

Tel: (01624) 685243  
Fax: (01624) 685976

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<sup>1</sup> For the purposes of this booklet the term "personal representative" will include individuals acting in the capacities of Executor/Executrix or Administrator/Administratrix.

## **NOTIFICATION OF DEATH**

The Income Tax Division needs to be informed that someone has died. We also need to receive a copy of the death certificate and one of the documents mentioned below to confirm who the personal representative is:

- The Grant of Probate – it would be helpful if a copy of the will is submitted at the same time; or,
- The Grant of Letters of Administration.

Once we have received these documents, all further correspondence will be sent to the personal representative. If no **legal** personal representative is appointed for any reason, please contact the Division for further advice.

## **TAX RETURN**

The tax affairs of the deceased person need to be finalised to the date of their death. We will need a tax return to be completed for the period from the start of the tax year (6 April), to the date of death with supporting documentation where required.

The completed tax return must be signed by the personal representative in all cases even when an agent or professional adviser has been appointed.

If you have any difficulties completing the tax return form please contact the Division for assistance.

If the deceased person was a member (shareholder) of an Isle of Man company, their tax return to the date of their death may need to include an estimate of what is known as 'attributed income', which is based on their shareholding. We have more guidance in booklet GN 42 'Overview of the Attribution Regime for Individuals' which you may need to refer to in these circumstances.

## **AGENT AUTHORITY WHERE AN INDIVIDUAL DIES**

Where an agent has been acting for an individual prior to their death, the Division will no longer recognise the agent as acting for the estate. Instead, written confirmation of the appointment of an agent will be required from the executor or administrator of the estate. If the deceased individual was previously assessed on a joint and severally liable basis with their partner, and both partners were clients of the same agent, then the Division will continue to recognise the same agent as representing the surviving partner unless it receives alternative notification from that partner.

## **ASSESSMENTS IN THE YEAR OF DEATH**

### **Single individuals**

The final part-year tax assessment will be issued once we have the completed tax return and will include a full single personal allowance.

### **Independently taxed couples**

Independently assessed couples complete their own tax returns and therefore the surviving spouse or civil partner will continue to complete their personal tax returns in the usual way.

The final part-year tax assessment for the deceased spouse or civil partner will be issued once we have the completed tax return and will include a full single personal allowance.

### **Jointly taxed couples**

For the tax year during which the death occurred, couples who were taxed jointly will be taxed independently. Two tax returns will be issued: a part-year return for the deceased spouse or civil partner, and a full year return, issued at the end of the tax year, for the surviving spouse or civil partner.

The full single personal allowance will be granted to each spouse or civil partner. Any unused allowances and deductions can be transferred to the surviving spouse or civil partner.

Depending upon the circumstances, the surviving spouse or civil partner may be entitled to an additional personal allowance in respect of a dependant child. Please contact the Division for further information.

### **Outstanding liabilities**

The personal representative is responsible for settling any outstanding income tax liabilities of the deceased person before distributing the estate. See page 7 for methods of payment.

### **Income arising during the period of administration**

Administration is the period in which all of the deceased person's assets are gathered and funeral expenses and all other debts are paid. During this period, the personal representative should keep a record of all income received (e.g. bank interest paid on the estate account) and expenses paid. The administration period ends when all debts have been settled and the remainder of the estate has been distributed to the beneficiaries.

We may need to see the accounts covering the period of administration of a deceased person's estate, together with the names and addresses of any beneficiaries named by the

deceased person.

Any income received by the estate during this period should be split between the beneficiaries and should be declared on their own tax returns. The same treatment will apply to any attributed income in respect of shares held in an Isle of Man company. As mentioned earlier in the Tax Return section, we have more guidance in booklet GN 42 'Overview of the Attribution Regime for Individuals' which you may need to refer to in these circumstances.

## **HOW TO MAKE A PAYMENT TO INCOME TAX DIVISION**

**Online** – you can pay online with a credit or debit card after registering and enrolling for Online Tax Services at [www.gov.im/incometax](http://www.gov.im/incometax).

**By Debit/Credit Card** – we accept most debit and credit cards. You can pay either over the phone, online or at our counter. Please ring (01624) 685400 during normal office hours to pay over the phone.

**By Bank Giro Credit** – present the payment counterfoil with your remittance at any bank. A bank account is not required to use this facility.

**By Post** – make sure that the payment counterfoil is enclosed. Cash should only be sent through the post by Special Delivery.

**At the Income Tax Division** – 2<sup>nd</sup> Floor, Government Office, Douglas – Monday to Thursday 9.15 am to 5 pm; Friday 9.15 am to 4.30 pm. Please bring the assessment with you.

Cheques and postal orders should be made payable to the "Isle of Man Government" and crossed. Post-dated cheques are not acceptable. A receipt will only be issued if requested.

## CONTACT INFORMATION

This leaflet is intended as a general guide and does not cover every point on this subject. We understand that dealing with financial matters following a death can be stressful, and if you would like to arrange a private interview to discuss anything, please do not hesitate to contact us at:-

<b>Address</b>	The Treasury Income Tax Division Second Floor Government Office Buck's Road Douglas Isle of Man IM1 3TX	
<b>Telephone</b>	(01624) 685400	
<b>Fax</b>	(01624) 685351	
<b>E-mail</b>	incometax@itd.treasury.gov.im	
<b>Website</b>	<a href="http://www.gov.im/incometax">www.gov.im/incometax</a>	
<b>Opening hours</b>	Monday to Thursday	9.15 am – 5.00 pm
	Friday	9.15 am – 4.30 pm