
PRACTICE NOTE

PN 175/12

Date: 29 March 2012

COMPULSORY USE OF ONLINE TAX SERVICES FOR EMPLOYERS

Introduction

In his 2012 Budget, the Treasury Minister confirmed that following consultation in 2010, the compulsory use of Online Tax Services for employers will be introduced, in a phased approach, from 6 April 2012.

Phased introduction

Employers who had more than 100 employees during the period 1 January 2011 to 31 December 2011 will be required to use Online Tax Services from 6 April 2012. The first annual return to be completed online will be for the year ending 5 April 2013, with a due date of 5 May 2013.

Employers who have 10 or more employees during the period 1 January 2012 to 31 December 2012 will be required to use Online Tax Services from 6 April 2013.

All other employers will be required to use Online Tax Services from 6 April 2014.

Transactions to be completed using Online Tax Services

An employer's annual return must be submitted using Online Tax Services. T14 details must be completed online or submitted as an attachment to the return in the prescribed electronic format. The return includes the submission of T9s where appropriate. **PAPER RETURNS WILL NOT BE ACCEPTED.**

Employee links, those updated by completing forms T20/T21/T13, must be maintained using Online Tax Services.

Monthly remittances (including nil returns) must be submitted using Online Tax Services, with payments made using Online Tax Services, by BACS transfer or by standing order. **MANUAL REMITTANCE CARDS WILL NOT BE ACCEPTED AND PAYMENTS CANNOT BE MADE BY CHEQUE OR CASH.**

Benefits of using Online Tax Services

Online Tax Services are a secure and convenient way to maintain employer records.

The services allow users to interact with, and submit information to, the Income Tax Division both during and outside of normal working hours. The services also allow access to employer records at any time.

Returns and notices are issued through Online Tax Services and therefore, use of the services can reduce the environmental impact and costs, both for the user and for Isle of Man Government.

Grounds for Exemption

The following criteria would be considered as automatic grounds for exemption from the compulsory use of Online Tax Services:

- employers with fewer than five employees
- employers who do not have access to a computer or the internet.

The Assessor will consider a request from an employer who considers that they should be exempt from the compulsory use of Online Tax Services due to a reasonable excuse. Requests should be made in writing to the Assessor stating the reasons why the employer should be exempt and must be received prior to the commencement of the tax year in which the employer is required to use Online Tax Services.

A reasonable excuse will not include:

- insufficient funds to pay income tax; or
- reliance on a third party to manage income tax affairs

The Income Tax Division would like to encourage employers who may be exempt from the compulsory use of Online Tax Services to consider using the services as they are an environmentally friendly and cost-effective manner of maintaining records and interacting with the Division.

Failure to comply

An employer who fails to comply with the compulsory use of Online Tax Services will be considered to have committed an offence and is liable on summary conviction to a fine not exceeding £5,000.

Further assistance and guidance is available by contacting the Income Tax Division on (01624) 685400 and selecting the 'employer' option.

M Couch

Assessor of Income Tax

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.