
PRACTICE NOTE

PN 92/02

Date: 25th September 2002

Short Term Residence Extra Statutory Concession Proposed Amendment

Introduction

The proposal to modify the Short Term Residence Extra Statutory Concession (G.C. 166/85), hereafter called the "Concession". This practice note sets out the proposed modifications while also inviting comments on the proposals. The current Concession states that "The Assessor will not pursue the Manx resident liability of an individual who has accommodation available for his use provided that the period spent in the Isle of Man by that individual or his wife or dependants, does not in the aggregate exceed 4 months in any 2 consecutive years of assessment".

Proposal

It is proposed that the Concession, whilst being retained, should be modified w.e.f. 6th April 2003 so that a person coming within the concession will be treated for income tax purposes in a similar manner to a person who is not resident. This will remove unintended tax planning opportunities and ensure the concession is used only for the purpose for which it was originally intended. The proposed modification will ensure that any local source income received by a person falling within the Concession e.g. rents and dividends, will attract the same taxation liability as it would if paid to a non-resident individual.

The option is always open for any individual to step outside the Concession, submit a resident return form and be taxed as a resident individual if that were to give rise to a lower taxation charge because of the availability of personal allowances.

The Income Tax Division invites comments on the proposed changes by 31st October 2002. Comments should be addressed to the Ian Asbridge, Policy Officer, Income Tax Division, Government Office, Douglas, Isle of Man, British Isles, IM1 3TX.

Iq Kelly Assesor 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.