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PRACTICE NOTE

PN 74/99

Date:

Investment Holding Companies - Allowable Expenses Amendment To PN 68-97

This Practice Note amends Practice Note 68/97 PN 68/97 dated 23rd February 1998. As a result of a review of the above Practice Note the Division has recognised that the position in relation to interest paid as an expense is not clearly defined. For an investment holding company ('IHC'), where relief is not otherwise available under any provision of the Income Tax Acts, interest is allowed in accordance with the Income Tax (Deductions)(Prescribed Cases) Order 1989 as a 'Standard Expense' for the purposes of PN68/97. The interest must therefore be:

Paid

Assessable on the lender under the Income Tax Acts

Be at a commercial rate

Where as a result of this Practice Note 'IHC' computations have been submitted by a company in accordance with PN68/97 and/or interest paid has been incorrectly adjusted, revised computations for prior years should be submitted to the Division with the current year. Following consideration of these, revised assessments will be raised where appropriate.

NOTE:

PN68/97 applied with effect from all IHC accounts assessable 97/98 and to any cases where the 96/97 year was at the time of issue of the Practice Note (4th July 1997), under enquiry.