



Isle of Man
Government

Reillys Ellan Vannin

The Treasury *Yn Tashtey*

Assessor
W J Killip

Telephone: (01624) 685400
Fax: (01624) 685351
E-mail: incometax@itd.gov.im
Website: www.gov.im/incometax

INCOME TAX DIVISION

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

PRACTICE NOTE

PN 16/88

Date: 19th April 1988

Returns To Be Made By Employers In Special Cases

1. Children Under 16

Where you employ a child who has not yet attained the age of 16 and who is still in full-time education, there is no need to submit Forms T.20 or T.21 to the Income Tax Office. The emergency code 360S should be operated.

Where the remuneration paid is below the level that National Insurance contributions become payable, there is no need to complete Forms T.14 for each employee, however, at the end of the year, a list should be submitted with your annual return (Form T.37) setting out the full name and address of each child and the total remuneration paid in the year.

2. Students

This category of person includes those of 16 years old and over who are in full-time education and who are either employed during vacations or engaged on work experience courses associated with their studies. Code 360S should be operated whether the student is normally resident in the Isle of Man or not. Forms T.20 or T.21 as applicable should be completed and sent to the Income Tax Office. Form T.14 should be completed in all cases, using the tax reference number 599999-29 for non-resident students and the reference allocated by the Income Tax Office for the resident student.

3. Seasonal Workers In The Tourist Industry Who Do Not Normally Live In The Isle Of Man

There is no need to submit Forms T20 or T21 in respect of this category of employee, which is strictly limited to those female employees who are employed between 1st April and 31st October and who, though non-residents of the Isle of Man, do not require Work Permits. For the purposes of I T I P, male employees will have tax deducted on the same basis as female employees, Code 300S should be operated, and the tax reference number 599999-29 used in all cases. This code includes an adjustment to compensate for the fact that accommodation is generally provided by the employer for employees in this category. As with all non-residents, tax should be deducted according to table C. Form T.14 must be completed.

4. Resident Occasional Workers

This category is only intended to cover the employee who is employed infrequently by the same employer for odd days or very short periods of time during the year. Since a person in this category is assumed to have other employment, or, if the employee being a wife has her allowance incorporated into her husbands tax code, the code to be used is OA. Form T.20 should be submitted on the first occasion that the person is employed during the tax year and Form T.21 part 1 on the last occasion. A single Form T.14 should be completed to cover the employments for the full year.

Where the employment is intermittent the words "intermittent employment" should be entered on the Form T.20 below the wording "all other cases" and that box ticked.

5. One Person Employed

There are instances where a person employs another person, often in a domestic capacity, as their only employee. In such cases the employee will require a tax code and the employer will be obliged to deduct tax according to the tax tables. If the amount of I T I P to be deducted is nil for the whole of the tax year and if the level of earnings is such that National Insurance contributions are not payable, provided that the written agreement of the Income Tax Division is obtained, monthly returns (Form T.35) will not be required. An annual return form (Form T.37) must however be completed at the end of the year and Form T.14 submitted with it.

6. Directors

Remuneration includes fees voted to a Director, as well as salary, therefore fees are subject to I T I P at the time that they are voted, or otherwise made available. Forms T.20/T.21 should be submitted as applicable and Form T.14 included with the annual return.

7. Non-Residents

This category excludes non-resident seasonal workers (see para.2) and non-resident students on work experience courses (see para 3). Apart from these, a person who comes to the Isle of Man with no intention of becoming resident here and who stays here or intends staying here for less than six months in total, will be considered to be a non-resident, and a T.20 will not require to be submitted in such cases. Tax should be deducted according to OA and the tax reference number 599999-29 2 entered on the Form T.14. When the employee leaves, T.21 parts 2 and 3 should be given to him/her together with Form T.14. T.21 part 1 should be destroyed. If there is any reasonable possibility that the employees stay here will exceed six months, the emergency code 360S must be used and the employee will require a tax reference number; T.20 or T.21 parts 1/3, as applicable will be required and the employee will complete an income tax return as a resident.

8. Requirement To Register As An Employer

Every person that employs one or more persons should register with the Income Tax Division as an employer.

Exceptions to the rule are:-

1. a husband whose sole employee is his wife, or vice-versa where the income of the employed spouse is less than £1000, or;
2. a person who is a Director of a private investment holding company of which he is the beneficial owner, which has only one other Director, being either his wife or a member of his immediate family and where the total fees voted in any year do not exceed £1000;
3. a company where the director is a professional person such that the fees from the company form part of the income of his trade or profession

In the above cases I T I P need not be deducted from the remuneration and the income will be assessable as the income of the year of assessment.

Advice should always be sought of the Department of Health and Social Security as to whether National Insurance contributions are payable.