



**INCOME TAX ACT 2003**

**INCOME TAX (PERSONAL ALLOWANCE CREDIT) (AMENDMENT)  
REGULATIONS 2008**

*Laid before Tynwald 19<sup>th</sup> February 2008*

*Coming into operation on 6<sup>th</sup> April 2008*

In exercise of the powers conferred on the Treasury by sections 14(1) and (2) of the Income Tax Act 2003 (a), and of all other enabling powers, the following Regulations are hereby made:-

**Citation, commencement and interpretation**

1. (1) These Regulations may be cited as the Income Tax (Personal Allowance Credit) (Amendment) Regulations 2008.
- (2) These Regulations shall have effect in respect of payments made after 5<sup>th</sup> April 2008 in respect of the income tax year commencing 6<sup>th</sup> April 2007 and subsequent years.
- (3) In these Regulations, “the Act” means the Income Tax Act 2003 (a).

**Credit: individuals and married couples**

2. (1) In section 5 of the Act -
  - (a) in subsection (1), for “£420.00” and “£6,170” substitute “£500.00” and “£8,850” respectively;
  - (b) in subsection (2) -
    - (i) for “£8,670” and “£1.68” substitute “£8,850 and “£0” respectively;
    - (ii) in the formula, where “D = 5.95” (the marginal rate reduction factor), substitute “D = 0”.
- (2) In section 6 of the Act -
  - (a) in subsection (2), for “£12,340” and “£840” substitute “£17,700” and “£1,000” respectively;
  - (b) in subsection (3) -
    - (i) for “£12,340” substitute “£17,700”;
    - (ii) for “£17,340” and “£1.68” substitute “£17,700” and “£0” respectively;
    - (iii) in the formula, where “D = 5.95” (the marginal rate reduction factor), substitute “D = 0”.

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(a) 2003 c.11;

(3) The Income Tax (Personal Allowance Credit)(Amendment) Regulations 2007 (b), are revoked.

Made this 30<sup>th</sup> day of January 2008



Minister for the Treasury

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**EXPLANATORY NOTE**

(This note is not part of the Regulations)

The Regulations increase the maximum amount of personal allowance credit payable from £420.00 to £500.00 for single individuals and from £840.00 to £1,000.00 for jointly assessed married couples.

The Regulations increase the low income point for single taxpayers from £6,170 to £8,850 and the low income point for jointly assessed married couples is increased from £12,340 to £17,700.

The changes to the marginal rate reduction factor will ensure that there will be no longer be a reduction in the credit and it will be an all or nothing payment.

The increases apply to payments made after 6 April 2008 in respect of income levels in the tax year ending on 5<sup>th</sup> April 2008 and subsequent years.