

# News Release

## **BUDGET BOOST FOR ECONOMY AND LOW INCOME GROUPS**

A forward-looking Budget of investment in the Island's economy combined with more help for people on low incomes was announced by Treasury Minister Allan Bell MHK today (Tuesday, February 21, 2006).

Mr Bell described his fifth and final Budget of the current Government as 'a springboard to the future.'

Key features include:

- Delivery of zero rate income tax as the norm for the vast majority of companies, along with a £100,000 per year cap on personal tax liability to encourage entrepreneurial investment in the economy.
- A £2.5 million package of additional support for low income groups, including a 40% increase in the Personal Allowance tax credit.
- An increase of £39.3 million or 8.2% in net Departmental revenue spending on public services to a new total of £522 million, including £16.9 million more for Health and Social Security and £4.6 million more for Education.

Mr Bell told Tynwald: 'What I believe we are doing today is putting in place further measures that will create new opportunities in our never ending quest for economic progress and will provide a springboard to the future – a future in which all our citizens will benefit from the creation of additional prosperity for the Island'.

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Personal Allowances are increasing by 2% to £8,670 for a single person and £17,340 for married couples.

The Minister declared: 'This year, the changes I am proposing will benefit those on low incomes by removing a number of non-taxable benefits from the Personal Allowance Credit computation. Increased personal allowances and increases in the scope and quantum of the Personal Allowance Credit will provide further assistance to the less well off and take a significant number out of the tax net and into the scope of the Personal Allowance Credit. We estimate this will provide almost £3 million of additional income to those who need it most.'

Other key features of the 2006 Manx Budget:

- Additional funding for DHSS and Health Services.
- Confirmation that mortgage tax relief will be retained for primary homes, but not for second or multiple properties.
- £100 million capital spending programme.
- Introduction of zero rate of income tax on banks' surplus capital.
- Income Tax threshold at which higher rate for individuals becomes payable increased by around 2% to £10,500.
- A 40% increase in the Overseas Aid budget to £1.4 million.
- Provision for an additional 20 Government employees (compared with 212 extra in 2005/06).
- The introduction of a corporate charge of £250 for each company not already paying exempt company fees or non-resident company duty.
- For individuals, the standard income tax rate will stay at 10%, with the higher rate remaining at 18%.

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