
PRACTICE NOTE

PN 219/22

Date: 15 February 2022

TT Homestay Allowance

In his Budget speech today, the Minister for the Treasury, the Hon. David Ashford MBE MHK, announced a change in respect of the taxation of rental income received under the TT homestay Scheme.

Introduction

Since 1999, an extra statutory income tax concession in respect of Homestay for the TT fortnight has been available. From 6 April 2022 the extra statutory concession will be replaced by the "TT Homestay Allowance".

This Practice Note explains the details of the new "TT Homestay Allowance".

What is the TT Homestay Allowance?

The "TT Homestay Allowance" is £2,350. This amount will be deducted from an individual's gross rental income received under the Homestay Scheme during the TT period and therefore, subject to certain conditions, will not be liable to income tax.

Who is eligible?

The person claiming the "TT Homestay Allowance" must be –

- an Isle of Man resident; and
- registered under the Homestay Scheme.

Are there any other conditions?

The rental income received must be in respect of –

- accommodation provided during the TT period; and
- a property in which the person registered under the Homestay Scheme and claiming the allowance resides in or normally resides in.

The "TT Homestay Allowance" only applies per registration under the Homestay Scheme.

How is the allowance calculated?

From the 2022/23 tax year rental income received from TT Homestay must be declared on the income tax return form.

The allowance of £2,350 will be deducted from gross rental income received from TT Homestay in lieu of any normal expense claim. See illustrative examples below.

Any excess allowance will not be able to be carried forward to a later year.

Illustrative examples

Example 1

Mrs Smith is registered under the Homestay Scheme for 2022 to accommodate 4 guests in 2 spare rooms in the house in which she lives.

She charges £30 per person per night including breakfast and has 4 guests from Saturday 28 May to Saturday 11 June 2022 (14 nights). She receives £1,680.

Mrs Smith completes her tax return for the 2022/23 tax year and declares that she received £1,680 TT Homestay rental income.

An allowance of £1,680 (as below the TT Homestay allowance of £2,350) is deducted from her TT Homestay rental income received, which in the case of Mrs Smith leaves £0. Mrs Smith pays no tax on the rental income she received for TT Homestay.

Example 2

Mr Jones is registered under the Homestay Scheme for 2022 for the house in which he and his family reside in during the year. They have decided to go on holiday, off island, during the TT period and rent out their home on a bed only basis. The house will accommodate 6 people, the maximum number of guests permitted under the TT Homestay Scheme.

The house will cost £180 per night and is rented out from Saturday 28 May to Saturday 11 June 2022 (14 nights). A total of £2,520 is received for the rental period.

Mr Jones completes his tax return for the 2022/23 tax year and declares that he received £2,520 TT Homestay rental income.

An allowance of £2,350 (the maximum TT Homestay allowance) is deducted from his TT Homestay rental income received, which in the case of Mr Jones leaves £170. As Mr Jones is claiming the TT Homestay allowance, he is not entitled to a normal expense claim. Mr Jones is taxed only on the remaining £170.

Interpretation

“**rental income**” means the gross income received from the provision of “bed and breakfast” or “bed only” accommodation;

“**T.T. Period**” means a period commencing the day before the first practice session and ending a day after the final race; and

“**Homestay Scheme**” means the scheme operated on behalf of the Department for Enterprise to help accommodate visitors during the Isle of Man T.T.

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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.