



## INCOME TAX ACT 1995

### INCOME TAX (ATTRIBUTED PROFITS) (TEMPORARY TAXATION) ORDER 2007

### INCOME TAX (CALCULATION OF ATTRIBUTED PROFIT) REGULATIONS 2008

*Approved by Tynwald*

*21<sup>st</sup> May 2008*

*Coming into operation in accordance with regulation 1*

In exercise of the powers conferred on the Treasury by article 4(6) of the Income Tax (Attributed Profits) (Temporary Taxation) Order 2007<sup>1</sup>, and of all other enabling powers, the following Regulations are hereby made:-

#### **Citation and commencement**

1. These Regulations may be cited as the Income Tax (Calculation of Attributed Profit) Regulations 2008 and shall come into operation on the day they are approved by Tynwald.

#### **Interpretation**

2. In these Regulations-

“the 1970 Act” means the Income Tax Act 1970<sup>2</sup>;

“the Principal Order” means the Income Tax (Attributed Profits) (Temporary Taxation) Order 2007;

“distributable profits” has the same meaning as in article 2(1) of the Principal Order and is determined in accordance with article 4(3) of the Principal Order;

“corporate taxpayer” has the same meaning as in article 2(1) of the Principal Order;

“member” has the same meaning as in article 2(1) of the Principal Order.

---

<sup>1</sup> Statutory Document 928/07

<sup>2</sup> Vol XXI p.260

**Calculation of distributable profits for the purposes of attributing profits (companies with a single class of share capital)**

3. For the purposes of article 4(1) of the Principal Order, the amount of distributable profits for an accounting period that would have been payable to a resident member if the corporate taxpayer had distributed them where the corporate taxpayer has a single class of issued share capital throughout that accounting period shall be calculated by the following formula: -

$$\frac{C}{D} \times E \times F$$

where -

**C** is the number of days in the accounting period on which the resident member owned the share or shares in the corporate taxpayer;

**D** is the number of days in the accounting period;

**E** is the number of shares comprised in the issued share capital of the corporate taxpayer owned by the resident member;

**F** is the amount of distributable profit per share determined in accordance with regulation 4.

4. For the purposes of regulation 3, the amount of distributable profit per share where a corporate taxpayer has a single class of issued share capital shall be calculated by the following formula: -

$$F \text{ (distributable profit per share)} = \frac{A}{B}$$

where -

**A** is the corporate taxpayer's distributable profit for the accounting period; and

**B** is the number of shares comprising the issued share capital of the corporate taxpayer throughout the accounting period.

5. Where the number of shares comprising the issued share capital of the corporate taxpayer changes during the accounting period, the calculations in regulations 3 and 4 shall be repeated as appropriate.

**Calculation of distributable profits for the purposes of attributing profits (other cases)**

6. For the purposes of article 4(1) of the Principal Order, where the corporate taxpayer does not have a single class of issued share capital throughout an accounting period the calculations in regulations 3 and 4 shall be adjusted as may be necessary to calculate the amount of distributable profits for that accounting period that would have been payable to a resident member if the corporate taxpayer had distributed them.

## Revision of distributable profit

7. Where for whatever reason the distributable profits from which the amount to be attributed is calculated is amended, then the profits attributed to each of the individual resident members shall also be amended and assessments revised accordingly, if necessary.

Made this 9<sup>th</sup> day of April 2008



Minister for the Treasury

---

### EXPLANATORY NOTE

(This note is not part of the Regulations)

Following the coming into operation of the Income Tax (Attributed Profits) (Temporary Taxation) Order 2007 a resident member with an interest in a relevant company will be liable to income tax on an attribution of distributable profits of that company .

These regulations provide for the calculation of the profit to be attributed to individual resident members of corporate taxpayers.