



Isle of Man  
Government

*Reiltys Ellan Vannin*

**INCOME TAX**

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# Assessment Notice Notes for Guidance Guidance Note – GN2

**PLEASE NOTE:**

This guidance has no binding force and does not affect your right of appeal on points concerning your liability to tax.

The information in this booklet can be provided in large print on request.

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## 1 INTRODUCTION

These guidance notes will help you understand the enclosed assessment. If you need any help deciding what to do next, get in touch with the Division immediately and quote your reference number.

## 2 TYPE OF ASSESSMENT

This is shown on the front of the notice at the top.

### 2.1 Assessment

The assessment is based on the information in your return form. The assessment might also be a replacement assessment if further information has been sent to us.

### 2.2 Default Assessment

We have no record of having received your tax return for the relevant year or part-year, so we have estimated what should be included in the assessment.

## 3 ACTION TO BE TAKEN

Check what type your assessment is as soon as you receive it.

### 3.1 If it is an Assessment

- If you agree with the calculation on the back of the notice, read the front of the assessment and take the necessary action.
- If you do not agree with the calculation, you are entitled to make a written appeal against the assessment within 30 days, stating why you think it is wrong.
- An appeal made after the 30 days will only be accepted if it is being made late because you have been away, have been ill or have another reasonable cause. If we do not accept the late appeal, it will be referred for a final decision to the Income Tax Commissioners, who are an independent body.
- We will normally settle any differences of opinion by correspondence or by having a meeting with you. If we are still unable to reach agreement with you, your appeal will be referred to the Income Tax Commissioners.

### 3.2 If it is a Default Assessment

- If you believe that your final tax liability will be more than the balance shown on your assessment, you should pay your figure to avoid being charged interest on the difference. If you believe that your final tax liability will be less than the balance shown on the assessment, you should pay your figure but also send in your tax return without delay so that your assessment can be revised. FAILURE TO SEND IN A TAX RETURN IS AN OFFENCE.
- Send us your completed tax return so that we can use your figures in the assessment. We can then refund any overpayment of tax, subject to checking your overall tax position, or ask you to settle any underpayment (but see Section 5 interest charges).

## 4 ON THE BACK OF THE ASSESSMENT NOTICE

Your tax reference number, the assessment year and assessment number are shown at the top. On the left hand side of the assessment notice there is a column headed "**Notes**". This is what the letters shown in that column mean:

- D DOUBLE TAXATION RELIEF** - relief is given for overseas tax correctly paid on this income, but where the overseas tax is higher than the Manx tax due, we can only give relief up to the level of that Manx tax.
- EST ESTIMATED** - indicates that the amount has been estimated.
- PRO PROVISIONAL AMOUNT** - indicates that this is a provisional amount. It will be reviewed and if necessary amended when final details are available.
- RES RESTRICTED ALLOWANCES** - this allowance has not been given in full because you were not entitled to it for the whole year. The amount shown is based on the number of days during the year that you were entitled to the allowance.
- W SPOUSE/CIVIL PARTNER** - indicates that this is your wife or civil partner's income or deduction.
- J JOINT** - indicates that this is joint income.
- TPP THIRD PARTY PAYMENTS** - indicates that someone else has paid tax to us on your behalf by deducting tax directly from a payment made to you.
- SBC SUBCONTRACTOR DEDUCTIONS**
- ITIP INCOME TAX INSTALMENT PAYMENTS**

### 4.1 The Income Section

Your employment income or pension is shown gross before any deductions that you have claimed. We also show any other types of income here, such as business profits and rental income; which are net figures after allowable expenses have been taken into account. You will also see bank interest, dividends etc. in this section.

### 4.2 The Specific Deductions Section

This section shows your tax deductions for work tools and clothing, pension contributions and professional subscriptions based on the amount you paid in the tax year. If the amount shown here is different to the amount that you put on your tax return, a separate letter will already have been sent to you to explain why the amount is different.

### 4.3 The Total Income Figure

This is the income from all sources less the specific deductions.

#### **4.4 The General Deductions Section**

This section shows your tax deductions for mortgage interest, loan interest, maintenance payments etc. based on the amount you paid in the tax year. If the amount shown here is different to the amount that you put on your tax return, a separate letter will already have been sent to you to explain why the amount is different.

#### **4.5 The Allowances Section**

This section shows the personal allowances you are entitled to.

#### **4.6 The Taxable Income Figure**

The taxable income figure results from subtracting general deductions and allowances from your total income. Immediately under it we show how that income is split between the applicable tax rates. (e.g. 10% and 18% up to 05/04/10 and 10% and 20% from 06/04/10).

#### **4.7 The Total Liability Figure**

This is the how much tax is due on your taxable income before any double taxation relief is given and before any minor assessing adjustments are made.

#### **4.8 The Total Tax Figure**

This is the summary amount of your tax liability for the tax year shown on the notice. Immediately under it may be details of payments that we have already received and any payment adjustments that have been made. If you have made payments for this year which are not shown, you should contact the Division immediately with all relevant details.

#### **4.9 The Balance Figure**

If the **Balance** is an amount other than "nil", check the front of the assessment for further instructions.

You will receive a refund if you have overpaid tax, subject to other checks being carried out on your current overall tax position. However, an overpayment shown on a default assessment will not be refunded until you have sent us your outstanding tax return, simply because we do not know your true tax position.

Payments should be made no later than the date shown on the front of the assessment. Interest is chargeable when payments are made late. See Section 5 for details about interest on late payment.

## 5 GENERAL INFORMATION

### 5.1 Class 4 National Insurance

If you have self-employed income, a Class 4 National Insurance Contributions (NIC) assessment may be issued in addition to an income tax assessment.

Class 4 NIC are payable by self-employed people in addition to the fixed rate Class 2 NIC payable. Class 4 NIC are profit-related and are calculated and collected by the Income Tax Division.

If your combined profits from all sources of self-employment exceed the annual threshold a Class 4 NIC assessment will be issued automatically. Husband and wife or civil partner profits are totalled separately and each will qualify for the annual threshold. Payment of Class 4 NIC is due and payable on the same date as income tax.

### 5.2 Methods of Payment

<b>ONLINE</b>	you can pay online after registering and enrolling for Online Tax Services at <a href="http://www.gov.im/incometax">www.gov.im/incometax</a> .
<b>BY DEBIT/CREDIT CARD</b>	we accept most debit and credit cards. You can pay either over the phone, online or at our counter. Please ring (01624) 685400 during normal office hours to pay over the phone.
<b>BY BANK GIRO CREDIT</b>	present the payment counterfoil with your remittance at any bank. A bank account is not required to use this facility.
<b>BY POST</b>	make sure that the payment counterfoil is enclosed. Cash should only be sent through the post by Special Delivery.
<b>AT THE INCOME TAX DIVISION</b>	2nd Floor, Government Office, Douglas – Monday to Thursday 9.15 am to 5 pm; Friday 9.15 am to 4.30 pm. Please bring the assessment with you.

Cheques and postal orders should be made payable to the "Isle of Man Government" and crossed. Post-dated cheques are not acceptable. A receipt will only be issued if requested.

### 5.3 Repayment Supplement

We will pay you a repayment supplement (RPS) if your refund of tax **or** Class 4 NIC for a tax year is more than £100 (£250 for a company). RPS will not be paid in relation to default assessments, or if you have been charged with a second late return penalty (which means that your tax return has still not been sent in a full year after the end of the tax year that it relates to). RPS is not paid to non-resident taxpayers. Where possible, the RPS will be included in the refund cheque.



## **5.4 Interest on Late Payment**

You will be charged interest when your tax is paid after the due and payable date shown on an assessment; including a default assessment. When a default assessment is subsequently revised, any increase in tax liability is also subject to interest from the due and payable date of the original default assessment. If an assessment is replaced, any tax payable on the original assessment will carry interest from the due and payable date of that assessment.

## **5.5 Complaints**

The Income Tax Division operates in accordance with the Isle of Man Government's standard procedure when dealing with complaints of maladministration. If you wish to make a complaint, you should write in the first instance to the Complaints Officer at the Income Tax Division who will deal promptly with the matter.

The procedure does not apply where, for example, you disagree with an assessment, where there has been a calculation error, or where we have not given an allowance, deduction or relief that you have claimed. Such issues are dealt with under the appeals procedure; details of which are given in Section 3 above.