

## INCOME TAX

### EXTRA STATUTORY CONCESSION

### PERMANENT HEALTH INSURANCE AND INCOME PROTECTION PLANS - EXEMPTION

*Laid before Tynwald 18 January 2005*


The Treasury has agreed the following Concession -

1. This Concession has effect for the year of assessment commencing 6 April 2002 and subsequent years of assessment.
2. Any qualifying payment made to an individual, by way of a qualifying policy, will not be charged to Manx income tax.
3. For the purpose of this concession a 'qualifying policy' is;
  - (a) a policy that provides for replacement income to cover future periods of sickness or disability or a deterioration in an existing medical condition; or
  - (b) a policy that provides for payments to cover future periods of sickness and disability or a deterioration in an existing medical condition in order to meet specific bills.
4. For the purpose of this concession a policy will not be a qualifying policy if;
  - (a) the premiums have been paid by the employer, are deductible as a business expense or otherwise qualify for tax relief; or
  - (b) it cannot pay out an amount significantly more than the premiums paid in (plus investment return) or a policy where value has been transferred from one to another, or between different aspects of a multi-benefit policy, so that benefits paid out are greater than they would otherwise have been.

5. For the purposes of this concession a 'qualifying payment' is any payment made to the individual in respect of periods of sickness or disability or a deterioration in an existing medical condition, apart from any lump sum payments.
6. This concession is of general application, but it must be borne in mind that in a particular case there may be special circumstances which will require to be taken into account in considering the application of the concession. This concession will be withdrawn in any case where it can be seen that the concession has been or is intended to be subject to abuse.

MADE

8<sup>th</sup> December 2004

  
.....  
*Minister for the Treasury*

---

**EXPLANATORY NOTE**

*(This note is not part of the Concession)*

This Concession exempts from Manx income tax all qualifying payments, apart from lump sum payments, made by way of a qualifying policy, to an individual in respect of sickness, disability or deterioration in an existing medical condition. This concession replaces the previous practice whereby qualifying payments were exempted from Manx income tax for the first 12 months only.