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PRACTICE NOTE

PN 84/00

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Agent Authority

Introduction

Confidentiality is a primary requirement of the Income Tax Acts. To ensure that existing procedures are satisfactory, the Income Tax Division in consultation with the Tax Liaison Committee has been reviewing the procedures which apply when persons appoint an agent to deal with their income tax affairs. This Practice Note seeks to provide guidance for agents on the action to be taken and will be applied in all cases from the 2 October 2000.

Appointment Of An Agent For Income Tax Purposes

Whilst the Division has in the past accepted a letter from a professional firm as evidence of appointment as an agent it is no longer considered to be sufficient protection for a client. In any event, difficulties have arisen where that appointment has been to deal with one technical or legal issue but not in a continuous capacity.

In future, to ensure confidentiality is not breached, written confirmation from the client of the appointment of an agent will be required. This may be by formal letter or completion of the relevant part in an individual's income tax return. An example of the letter of authorisation which the Division would wish to see adopted is outlined in Appendix 1.

Authorisation Where An Individual Dies

Specific taxation issues can arise when a person dies, particularly if it takes a little while to sort out the individual's financial affairs. If an agent has been acting for a client prior to his death the Division will continue its long standing practice of recognising the agent as also acting for the estate until otherwise informed by the executor or administrator. In all other cases written confirmation will be required from the executor or administrator of the estate of the appointment of an agent.

Executor Appointed

Requests have been received for the Executor's client reference to be shown on returns and assessments issued after the date of death. This can cause problems where there is an agent already appointed to deal with the client's income tax affairs. It is not technically possible for both executor and tax agent details to be recorded on computer generated

output. By default the agent's details will continue to be shown unless the Executor notifies the Division to the contrary.

Registered Office Is That Of The Agent

Where the registered office is also that of the authorised agent it has been suggested that two copies of the assessments are unnecessary and one quoting the agent reference is sufficient. As legal service of assessment is required at the client address and the agent copy is a service provided by the Division to the agent, the system is required to provide for both.

The agent reference provision on assessments is shown on the agent copy only and is not reflected on the client assessment. If only one assessment is required this must be the client copy and therefore this will not reflect the agent reference. The two service provisions are mutually exclusive and meet two distinct needs.

Service Provision Where An Agent Is Appointed

On being appointed as agent the Division will ensure that :-

agent copies of computer generated output will reflect the agent reference number. returns and application forms will be issued direct to the agent; all items for the same agent will be merged for ease of handling.

In due course facilities for the submission and issue of data in an electronic form will be made available to approved agents.

Confirmation Of Current Client References.

The Division will accept a list of all current client references (20 character maximum) from an agent to ensure that the records maintained reflect the up to date position. Such a list should be received on or before 30th October 2000 and marked for the attention of Kathryn Egerton, Support Services Section, Income Tax Division.

If the list contains the names of new clients it will have to be accompanied with a written authority from the client. For data protection reasons the Division cannot supply lists of current clients for verification by the agent.

I Q Kelly Assessor of Income Tax

NOTE: 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 improvement of issued Practice Notes and suggestions for future Practice Notes are always welcome.