



Isle of Man
Government

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PRACTICE NOTE

PN 77-99

Date:

Interaction Of The Short Term Residence Concession And The Commencement Of Residence Provision

Introduction

This Practice Note arises from recent requests for guidance as to the Division's approach where a person falling within the Short Term Residence Concession, (hereinafter referred to as STRC) notifies their intention to take up permanent residence in the Island.

Basis Of Assessment

Notwithstanding the fact that the person is resident throughout the period during which they fall within the STRC, the Division will, where the date of commencement of permanent residence is agreed, apply the commencement rules from that date. Where there is no agreement, or where a request is received, a continuation basis may be applied.

Principles To Be Adopted

Where an individual who has a home on the Island who has in the past fallen within the STRC decides to move permanently to the Isle of Man then the following principles will apply:

Where a clear date of taking up permanent residence can be established, for example by tying this in with the cessation of residence date elsewhere, then the liability to income tax will be established from that date. If such a date can be established but prior to that date there was a brief visit during the year, for example, a week to see advocates, to check on the property etc, then this short period will be ignored. If no clear date can be established during the year in which the individual took up permanent residence, then the date will be treated as being from 6th April of that year.

Where a date can be established other than 6th April but the individual objects to the application of the commencement rules, the date of taking up permanent residence will be taken as 6th April of the relevant year.

Anti-Avoidance

The Assessor reserves the right to adopt an alternative approach to the treatment set out above where, in his opinion, an avoidance motive is detected.