



Isle of Man
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PRACTICE NOTE

PN 43/93

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International Business Bill 1993

The Income Tax (Exempt Companies) Act 1984 is to be repealed and the "exempt company" is to be replaced by what is to be known as an "international company".

The legislation in relation to international companies, the International Business Bill 1993, is presently being considered by the House of Keys.

The concept of the exempt company is retained within an international company. However the latter is to be more flexible from a number of aspects including, the timescale of making application, the method of assessment and also the form of the declaration and undertaking required which will not need to be sworn before a Commissioner of Oaths or a Justice of the Peace.

Further provisions within the proposed legislation provide new concepts in the taxation of both international companies and international partnerships.

For the coming year, 1993/94, companies may apply to be classed as either an exempt company or an international company. In addition, a company which has applied for exemption may request to be reclassified as an international company.

Applications made for international company status will, where applicable, be effective from 6th April 1993, this being retrospective from the date of the legislation receiving Royal Assent.

For the transitional year 1993/94 any company seeking to become an exempt or international company may either -

- apply for exemption as normal and remain as an exempt company for the year, or
- apply for exemption and, when the International Business Bill receives Royal Assent, apply for a change of status to an international company, or
- notify this Division in writing that the company wishes to apply for international company status for 1993/94, in which case, the relevant application form will automatically be issued when the legislation comes into force.

All applications for exempt company status must be accompanied by the exempt company fee. Whilst it is intended to keep the minimum tax charge the same as the exempt fee, the

time limits for an international company are more flexible e.g. up to 5th August before an application is deemed to be made late and the tax charge increased. Should the legislation receive approval after 4th August 1993, concessionary treatment for the amount due and payable will be considered.

Anyone requiring further information should contact the Income Tax Division, Companies Section - Telephone (0624) 685300.