



Isle of Man
Government

Reillys Ellan Vannin

The Treasury *Yn Tashtey*

Assessor
W J Killip

Telephone: (01624) 685400
Fax: (01624) 685351
E-mail: incometax@itd.gov.im
Website: www.gov.im/incometax

INCOME TAX DIVISION

Government Office, Douglas
Isle of Man, British Isles
IM1 3TX

PRACTICE NOTE

PN 8/86

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Income Tax (Exempt Companies) Act 1984 And Leasing Companies - Losses Income Tax (Exempt Companies) Act 1984

Notwithstanding that Section 3 (2) (c) of the above Act provides that where an interest in an exempt company is held by the trustees of a discretionary trust, the trust deed specifically excludes the vesting of any beneficial interest in a person resident in the Island, in practice, where a second or third tier beneficiary of such a trust is a Manx registered charitable institution, this fact does not impair the exempt status of the company.

LEASING COMPANIES - LOSSES

Companies that lease plant and machinery to persons outside the Isle of Man qualify for a 100% first year allowance. This can result in substantial losses arising by way of excess capital allowances. At present there is no restriction on the manner in which these losses can be utilised.

Advance notice is being given of the intention to introduce in the loss relief regulations (provided for under the Income Tax (Amendment) Act 1986) a provision to exclude such losses from group relief for 1987/88 and subsequent years.