

INCOME TAX ACT 2003

INCOME TAX (GERMANY) ORDER 2009

*Approved by Tynwald
Coming into operation*

*17 March 2009
20 March 2009*

The Council of Ministers makes this Order under section 19 of the Income Tax Act 2003¹.

1 Title

The title of this Order is the Income Tax (Germany) Order 2009.

2 Commencement

If approved by Tynwald², this Order comes into operation on 20 March 2009.

3 Interpretation

In this Order “applicable arrangements” means the arrangements for the exchange of information with respect to taxes contained in an agreement between the Government and the Government of the Federal Republic of Germany signed in Berlin on 2 March 2009 and set out in Schedule 1.

4 Information exchange arrangements

The applicable arrangements have been made with the Federal Republic of Germany with a view to the exchange of information necessary for carrying out —

- (a) the domestic laws of the Island concerning income tax; and
- (b) the laws of the Federal Republic of Germany concerning any taxes to which the arrangements relate,

¹ 2003 c.11

² As required by section 19(3)

and it is expedient that those arrangements have effect under section 19 of the Income Tax Act 2003.

5 Modification of the effect of certain provisions of the Income Tax Act 1970

(1) The effect of the Income Tax Act 1970³ is modified for the purpose of implementing or otherwise giving effect to the applicable arrangements as follows.

(2) In section 105C(5) after “pending appeal” insert “either in the Island or the Federal Republic of Germany”.

(3) In section 105D —

(a) in paragraph (1) for the words after “the Assessor” substitute “believes it to be necessary for the purpose of responding to a request made by the Federal Republic of Germany in accordance with the applicable arrangements”; and

(b) in paragraph (6)(a) after “such form” insert “and authenticated in such manner”.

(4) In section 105E —

(a) after paragraph (2) insert —

“(2A) In determining a reference under subsection (2), the Commissioners shall take account of the requirements of the applicable arrangements.”; and

(b) in paragraph (6)(a) for “General Revenue” substitute “Revenue of the Island or the Federal Republic of Germany”.

(5) In section 105F(5)(a) after “such form” insert “and authenticated in such manner”.

(6) In section 105O insert the following definitions in the appropriate place in the alphabetical list —

““applicable arrangements” means the arrangements for the exchange of information with respect to taxes contained in an agreement between the Government and the Government of the Federal Republic

³ XXI p.260

of Germany signed in Berlin on 2 March 2009;

“the Federal Republic of Germany” shall be construed in accordance with the applicable arrangements;

“income tax” includes any tax of the Federal Republic of Germany to which the applicable arrangements relate, and “tax”, “liability to income tax” and “liability” shall be construed accordingly;

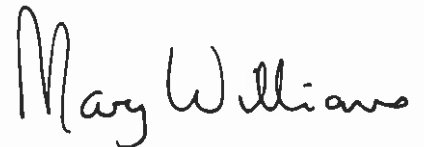
“income tax Acts” includes the laws of the Federal Republic of Germany that relate to any tax to which the applicable arrangements relate, and “this Act” shall be construed accordingly;

“taxpayer” includes a person who is or may be liable to any tax to which the applicable arrangements relate.”.

- (7) Schedule 2 contains the text of sections 105C to 105O of the Income Tax Act 1970, including any modifications made by this article.

MADE

11th March 2009

A handwritten signature in black ink that reads "May Williams". The signature is written in a cursive, flowing style.

Chief Secretary

Agreement between
the Government of the Isle of Man
and
the Government of the Federal Republic of Germany
on Assistance in Civil and Criminal Tax Matters through
Exchange of Information

The Government of the Isle of Man

and

the Government of the Federal Republic of Germany

Whereas the Government of the Isle of Man and the Government of the Federal Republic of Germany recognise that present legislation already provides for cooperation and the exchange of information in criminal tax matters;

Whereas the Contracting Parties have long been active in international efforts in the fight against financial and other crimes, including the targeting of terrorist financing;

Whereas it is acknowledged that the Government of the Isle of Man under the terms of its Entrustment from the United Kingdom has the right to negotiate, conclude, perform and, subject to the terms of this Agreement, terminate a tax information exchange agreement with the Government of the Federal Republic of Germany;

Whereas the Isle of Man on the 13th December 2000 entered into a political commitment to the OECD's principles of effective exchange of information and actively participated in the drafting of the OECD Model Agreement on Exchange of Information in Tax Matters;

Whereas the Contracting Parties wish to enhance and facilitate the terms and conditions governing the exchange of information relating to taxes;

Now, therefore, the Contracting Parties have agreed to conclude the following Agreement which contains obligations on the part of the Contracting Parties only;

Have agreed as follows:

Article 1
Scope of the Agreement

The Contracting Parties shall provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the respective laws of the Contracting Parties concerning the taxes covered by this Agreement, including information that is foreseeably relevant to the determination, assessment or collection of such taxes with respect to persons subject to such taxes, or to the investigation or the prosecution of tax matters in relation to such persons. A requested Contracting Party is not obliged to provide information which is neither held by its authorities nor in the possession of nor obtainable by persons who are within its territorial jurisdiction. The rights and safeguards secured to persons by the laws or administrative practice of the requested Contracting Party remain applicable.

Article 2

Taxes Covered

1. This Agreement shall apply to the following taxes:
 - (a) In respect of the Isle of Man:
taxes on income or profit;
 - (b) in respect of the Federal Republic of Germany:
the income tax (Einkommensteuer),
the corporation tax (Körperschaftsteuer),
the trade tax (Gewerbesteuer),
the capital tax (Vermögensteuer) and
the inheritance tax (Erbschaftsteuer),
including the supplements levied thereon.

2. This Agreement shall apply also to any identical taxes that are imposed after the date of signature of the Agreement in addition to or in place of the existing taxes, or any substantially similar taxes if the Contracting Parties so agree. The competent authorities of the Contracting Parties shall notify each other of substantial changes in laws which may affect the obligations of the other Contracting Party pursuant to this Agreement.

Article 3

Definitions

1. For the purposes of this Agreement, unless otherwise defined:
 - (a) "Isle of Man" means, when used in a geographical sense, the territory of the Isle of Man, including its territorial sea, in accordance with international law;
 - (b) "Federal Republic of Germany" means, when used in a geographical sense, the area in which the tax law of the Federal Republic of Germany is in force;
 - (c) "competent authority" means
 - (i) in respect of the Isle of Man, the Assessor of Income Tax or his delegate,
 - (ii) in respect of the Federal Republic of Germany, the Federal Ministry of Finance or the agency to which it has delegated its power; in respect of criminal tax matters the Federal Ministry of Justice or the agency to which it has delegated its power;
 - (d) the term "a Contracting Party" means the Government of the Isle of Man or the Government of the Federal Republic of Germany, as the context requires; the term "Contracting Parties" means the Government of the Isle of Man and the Government of the Federal Republic of Germany;

- (e) "criminal laws" means all criminal laws designated as such under the respective law of the Contracting Parties, irrespective of whether such are contained in the tax laws, the criminal code or other statutes;
- (f) "tax matters" means all tax matters including criminal tax matters;
- (g) "criminal tax matters" means tax matters involving intentional conduct whether before or after the entry into force of this Agreement which is liable to prosecution under the criminal laws of the requesting Contracting Party;
- (h) "Information gathering measures" means laws and administrative or judicial procedures enabling a requested Contracting Party to obtain and provide the information requested;
- (i) "information" means any fact, statement, document or record in whatever form;
- (j) "person" includes an individual, a company or any other body or group of persons;
- (k) "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;

- (l) "publicly traded company" means any company whose principal class of shares is listed on a recognised stock exchange provided its listed shares can be readily purchased or sold by the public. Shares can be purchased or sold "by the public" if the purchase or sale of shares is not implicitly or explicitly restricted to a limited group of investors;
- (m) "principal class of shares" means the class or classes of shares representing a majority of the voting power and value of the company;
- (n) "recognised stock exchange" means any stock exchange agreed upon by the competent authorities of the Contracting Parties;
- (o) "public collective investment scheme" means any scheme or fund, in which the purchase, sale or redemption of shares, units or other interests is not implicitly or explicitly restricted to a limited group of investors;
- (p) "requested Contracting Party" means the Contracting Party to this Agreement which is requested to provide or has provided Information in response to a request;

- (q) "requesting Contracting Party" means the Contracting Party to this Agreement submitting a request for or having received information from the requested Contracting Party;
- (r) "tax" means any tax covered by this Agreement.

2. As regards the application of this Agreement by a Contracting Party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at the time the request was made under the laws of that Contracting Party, any meaning under the applicable tax laws of that Contracting Party prevailing over a meaning given to the term under other laws of that Contracting Party.

Article 4

Exchange of Information upon Request

1. The competent authority of the requested Contracting Party shall provide upon request by the requesting Contracting Party information for the purposes referred to in Article 1. Such information shall be exchanged without regard to whether the requested Contracting Party needs such information for its own tax purposes or the conduct being investigated would constitute a crime under the laws of the requested Contracting Party if it had occurred in the territory of the requested Contracting Party. The competent authority of the requesting Contracting Party shall only make a request for information pursuant to this Article when it is unable to obtain the requested information by other means, except where recourse to such means would give rise to disproportionate difficulty.

2. If the information in the possession of the competent authority of the requested Contracting Party is not sufficient to enable it to comply with the request for information, the requested Contracting Party shall at its own discretion use all relevant information gathering measures necessary to provide the requesting Contracting Party with the information requested, notwithstanding that the requested Contracting Party may not need such information for its own tax purposes.

3. If specifically requested by the competent authority of the requesting Contracting Party, the competent authority of the requested Contracting Party shall provide information under this Article, to the extent allowable under its laws, in the form of depositions of witnesses and authenticated copies of original records.

4. Each Contracting Party shall ensure that its competent authorities have the authority, to obtain and provide, through its competent authority and upon request:

- (a) Information held by banks, other financial institutions, and any person, including nominees and trustees, acting in an agency or fiduciary capacity;
- (b) information regarding the ownership of companies, partnerships, collective investment schemes, trusts, foundations, "Anstalten" and other persons, including:
 - (i) ownership information on all such persons in an ownership chain;
 - (ii) in the case of collective investment schemes, information on shares, units and other interests;
 - (iii) in the case of trusts, information on settlors, trustees and beneficiaries;

- (iv) In the case of foundations, information on founders, members of the foundation council and beneficiaries and equivalent information in the case of entities that are neither trusts nor foundations,

provided that this Agreement does not create an obligation for a Contracting Party to obtain or provide ownership information with respect to publicly traded companies or public collective investment schemes, unless such information can be obtained without giving rise to disproportionate difficulties.

5. Any request for information shall be formulated with the greatest detail possible in specifying in writing:

- (a) the identity of the person under examination or investigation;
- (b) the period for which the information is requested;
- (c) the nature of the information requested and the form in which the requesting Contracting Party would prefer to receive it;
- (d) the tax purpose for which the information is sought;
- (e) the reasons for believing that the information requested is foreseeably relevant to tax administration and enforcement of the requesting Contracting Party, with respect to the person identified in subparagraph (a) of this paragraph;

- (f) grounds for believing that the information requested is present in the requested Contracting Party or is in the possession of or obtainable by a person within the jurisdiction of the requested Contracting Party;
- (g) to the extent known, the name and address of any person believed to be in possession or control of the information requested;
- (h) a statement that the request is in conformity with the laws and administrative practices of the requesting Contracting Party, that if the requested information was within the jurisdiction of the requesting Contracting Party then the competent authority of the requesting Contracting Party would be able to obtain the information under the laws of the requesting Contracting Party or in the normal course of administrative practice and that it is in conformity with this Agreement;
- (i) a statement that the requesting Contracting Party has pursued all means available in its own territory to obtain the information, except where that would give rise to disproportionate difficulty.

Article 5

Tax Examinations Abroad

1. With reasonable notice, the requesting Contracting Party may request that the requested Contracting Party allow representatives of the competent authority of the requesting Contracting Party to enter the territory of the requested Contracting Party, to the extent permitted under its laws, to interview individuals and examine records with the prior written consent of the individuals or other persons concerned. The competent authority of the requesting Contracting Party shall notify the competent authority of the requested Contracting Party of the time and place of the intended meeting with the individuals concerned.

2. At the request of the competent authority of the requesting Contracting Party, the competent authority of the requested Contracting Party may permit representatives of the competent authority of the requesting Contracting Party to attend a tax examination in the territory of the requested Contracting Party.

3. If the request referred to in paragraph 2 is granted, the competent authority of the requested Contracting Party conducting the examination shall, as soon as possible, notify the competent authority of the requesting Contracting Party of the time and place of the examination, the authority or person authorised to carry out the examination and the procedures and conditions required by the requested Contracting Party for the conduct of the

examination. All decisions regarding the conduct of the examination shall be made by the requested Contracting Party conducting the examination.

Article 6

Possibility of Declining a Request

1. The competent authority of the requested Contracting Party may decline to assist:

- (a) where the request is not made in conformity with this Agreement;
- (b) where the requesting Contracting Party has not pursued all means available in its own territory to obtain the information, except where recourse to such means would give rise to disproportionate difficulty; or
- (c) where the disclosure of the information requested would be contrary to public policy.

2. This Agreement shall not impose upon a requested Contracting Party any obligation to provide items subject to legal privilege, or any trade, business, industrial, commercial or professional secret or trade process, provided that information described in paragraph 4 of Article 4 shall not by reason of that fact alone be treated as such a secret or trade process.

3. A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.

4. The requested Contracting Party shall not be required to obtain and provide information which if the requested information was within the jurisdiction of the requesting Contracting Party the competent authority of the requesting Contracting Party would not be able to obtain under its laws or in the normal course of administrative practice.

5. The requested Contracting Party may decline a request for information if the information is requested by the requesting Contracting Party to administer or enforce a provision of the tax law of the requesting Contracting Party, or any requirement connected therewith, which discriminates against a citizen of the requested Contracting Party as compared with a citizen of the requesting Contracting Party in the same circumstances.

Article 7

Confidentiality

1. All information provided and received by the competent authorities of the Contracting Parties shall be kept confidential.

2. Such information shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the purposes specified in Article 1, and used by such persons or authorities only for such purposes, including the determination of any appeal. For these purposes, information may be disclosed in public court proceedings or in judicial decisions.

3. Such information may not be used for any purpose other than for the purposes stated in Article 1 without the express written consent of the competent authority of the requested Contracting Party.

4. Information provided to a requesting Contracting Party under this Agreement may not be disclosed to any other jurisdiction.

5. Personal data may be transmitted to the extent necessary for carrying out the provisions of this Agreement and subject to the law of the requested Contracting Party.

Article 8

Costs

Unless the competent authorities of the Contracting Parties otherwise agree, ordinary costs incurred in providing assistance shall be borne by the requested Contracting Party, and extraordinary costs incurred in providing assistance (including costs of engaging external advisers in connection with litigation or otherwise) shall be borne by the requesting Contracting Party. The competent authorities shall consult from time to time with regard to this Article, and in particular the competent authority of the requested Contracting Party shall consult with the competent authority of the requesting Contracting Party in advance if the costs of providing information with respect to a specific request are expected to be extraordinary.

Article 9

Language

Requests for assistance and responses thereto shall be drawn up in the English language.

Article 10
Mutual Agreement Procedure

1. Where difficulties or doubts arise between the Contracting Parties regarding the implementation or Interpretation of this Agreement, the competent authorities shall use their best efforts to resolve the matter by mutual agreement.

2. In addition to the agreements referred to in paragraph 1, the competent authorities of the Contracting Parties may mutually agree on the procedures to be used under Articles 4, 5 and 8.

Article 11

Entry into Force

1. This Agreement shall enter into force one month from the date on which the Contracting Parties have notified each other that their respective requirements for the entry into force of this Agreement have been fulfilled. The relevant date shall be the day on which the last notification is received.

2. Upon the date of entry into force, the provisions of this Agreement shall have effect:

- (a) for criminal tax matters on that date; and
- (b) for all other matters covered in Article 1 on that date, but only in respect of taxable periods beginning on or after that date or, where there is no taxable period, all charges to tax arising on or after that date.

Article 12

Termination

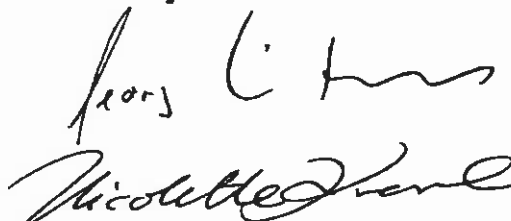
1. This Agreement shall remain in force until terminated by either Contracting Party.
2. Either Contracting Party may terminate this Agreement by giving notice in writing. Such termination shall become effective on the first day of the month following the expiration of a period of three months after the date of receipt of the notice of termination by the other Contracting Party. All requests received up to the effective date of termination will be dealt with in accordance with the terms of this Agreement.
3. If the Agreement is terminated, the Contracting Parties shall remain bound by the provisions of Article 7 with respect to any information obtained under this Agreement.

Done at Berlin, this second day of March, 2009, in duplicate, in the English and German languages, each text being equally authentic.

**For the Government of
the Isle of Man**



**For the Government of
the Federal Republic of
Germany**



Protocol to the Agreement
between
the Government of the Isle of Man
and
the Government of the Federal Republic of Germany
on Assistance in Civil and Criminal Tax Matters
through Exchange of Information

The Government of the Isle of Man and the Government of the Federal Republic of Germany have agreed at the signing of the Agreement between the two Governments on Assistance in Civil and Criminal Tax Matters through Exchange of Information (hereinafter "the Agreement") on the following provisions which shall form an integral part of the Agreement:

1. With respect to paragraph 5 of Article 7 the Contracting Parties shall ensure for the protection of personal data at a level that is equivalent to that of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of Individuals with regard to the processing of personal data and on the free movement of such data. In addition the following shall apply:

- (a) the requesting Contracting Party may use such data only for the stated purpose and shall be subject to the conditions prescribed by the requested Contracting Party; such use is also permitted, subject to the written consent required under paragraph 3 of Article 7, for the prevention and prosecution of serious crimes and for the purpose of addressing serious threats to public security;
- (b) the requesting Contracting Party shall on request inform the requested Contracting Party about the use of the provided data and the results achieved thereby;
- (c) personal data may be provided only to the competent authorities of the Contracting Parties. Any subsequent disclosure to persons or authorities specified in paragraph 2 of Article 7 of the Agreement may be effected only with the prior approval of the requested Contracting Party;
- (d) the competent authority of the requested Contracting Party shall be obliged to ensure that the data to be provided are accurate and that they are necessary for and proportionate to the purpose for which they are provided. Any bans on data provision prescribed under the law of the requested Contracting Party shall be observed. If it emerges that inaccurate data or data which should not have been provided have been provided, the requesting Contracting Party shall be informed of this without delay. That Contracting Party shall be obliged to correct

or erase such data without delay;

- (e) upon application to the requesting Contracting Party, the person concerned shall be informed of the provided data relating to him and of the use to which such data are to be put. There shall be no obligation to furnish this information if on balance it turns out that the public interest in withholding it outweighs the interest of the person concerned in receiving it. In all other respects, the right of the person concerned to be informed of the existing data relating to him shall be governed by the law of the requesting Contracting Party;
- (f) the requesting Contracting Party shall bear liability in accordance with the law applicable to it in relation to any person suffering unlawful damage in connection with the provision of data pursuant to the Agreement. In relation to the damaged person, the requesting Contracting Party may not plead in its defence that the damage had been caused by the requested Contracting Party;

- (g) if the law of the requested Contracting Party provides, with respect to the personal data provided, for erasure within a certain period the requested Contracting Party shall inform the requesting Contracting Party accordingly. Irrespective of such periods, provided personal data shall be erased once they are no longer required for the purpose for which they were provided;
- (h) the competent authorities of the Contracting Parties shall be obliged to keep official records of the provision and receipt of personal data;
- (i) the Contracting Parties shall be obliged to take effective measures to protect the personal data provided against unauthorised access, unauthorised alteration and unauthorised disclosure.

2. With respect to Article 8 of the Agreement the term "extraordinary costs" shall be interpreted as follows:

- (a) examples of extraordinary costs include, but are not limited to, the following:
 - (i) reasonable costs of reproducing and transporting documents or records to the competent authority of the requesting Contracting Party;

- (ii) reasonable costs for stenographic reports and interviews, depositions or testimony;
 - (iii) reasonable fees and expenses, determined in accordance with amounts allowed under applicable law, of a person who voluntarily appears in the Isle of Man or the Federal Republic of Germany for interview, deposition or testimony relating to a particular information request;
 - (iv) reasonable fees for non-government counsel appointed or retained, with the approval of the competent authority of the requesting Contracting Party, for litigation in the courts of the requested Contracting Party related to a specific request for information;
- (b) extraordinary costs do not include ordinary administrative and overhead expenses incurred by the requested Contracting Party in reviewing and responding to information requests submitted by the requesting Contracting Party;

- (c) if the extraordinary costs pertaining to a particular request are expected to exceed 500 Euros or the sterling equivalent, the competent authority of the requested Contracting Party shall contact the competent authority of the requesting Contracting Party to determine whether the requesting Contracting Party wants to pursue the request and bear the costs;
- (d) the competent authorities of the Contracting Parties shall consult not later than 12 months after the date that the Agreement enters into force, and upon the request of either competent authority thereafter, with respect to the costs incurred or potentially to be incurred under the Agreement and with a view to minimising such costs.

3. With respect to Article 9 it is understood that the need to use the English language refers to the request for information, the responses thereto and to other written communication between the competent authorities. As regards other documents or files to be provided, the competent authorities shall consult whether and to what extent translation into the English language is indeed required.

4. Formal communications, including requests for information, made in connection with or pursuant to the provisions of the Agreement will be in writing directly to the competent authority of the other Contracting Party at the addresses below, or such other address as may be notified by one Contracting Party to the other from time to time. Any subsequent communications regarding requests for information will be either in writing or verbally, whichever is most practical, between the earlier mentioned competent authorities or their authorised delegates.

Competent Authority

Competent Authority

for the Isle of Man:

for the Federal Republic of Germany:

Assessor of Income Tax

Bundeszentralamt für Steuern

Government Office

53221 Bonn

Douglas

In respect of criminal tax matters:

In respect of criminal tax matters:

The above-mentioned authority.

Bundesamt für Justiz

53094 Bonn

Article 5(7)

SCHEDULE 2

SECTIONS 105C TO 105O OF THE INCOME TAX ACT 1970 AS

MODIFIED

(Modifications are shown in bold italic text)

105C. Power to call for documents, etc. of taxpayer

(1) Subject to this section, the Assessor may by notice in writing require a person —

(a) to deliver to him such documents as are in the person's possession or power and as (in the Assessor's reasonable opinion) contain, or may contain, information relevant to —

(i) any liability to income tax to which the person is or may be subject, or

(ii) the amount of any such liability;

(b) to furnish to him such particulars as the Assessor may reasonably require as being relevant to, or to the amount of, any such liability; or

(c) to furnish to him such evidence as the Assessor may reasonably require as being relevant to the person's residence status for the purposes of this Act.

(2) Before a notice is given to a person by the Assessor under this section, the person must have been given a reasonable opportunity to deliver the documents in question, or to furnish the particulars in question.

(3) When the Assessor gives a notice under subsection (1), he shall also give to the person to whom the notice applies a written summary of his reasons for the giving of the notice.

(4) Subsection (3) does not require the disclosure of any information which would, or might, identify any person who has provided the Assessor with any information which he took into account in deciding whether to give the notice.

(5) A notice under subsection (1) does not oblige a person to deliver documents or furnish particulars relating to the conduct of any pending appeal *either in the Island or the Federal Republic of Germany* by him in respect of tax.

(6) To comply with a notice under subsection (1), copies of documents may be delivered instead of the originals; but —

- (a) the copies must be in such form as the Assessor may reasonably require; and
- (b) if so required by the Assessor in the case of any documents specified in the requirement, the originals must be made available for inspection by the Assessor in accordance with the requirement,

and failure to comply with a requirement under this subsection counts as failure to comply with the notice.

105D. Power to call for documents relating to taxpayer

(1) The powers conferred by this section may be used for the purpose of enquiring into the liability to income tax of any person ("the taxpayer") in any case in which the Assessor *believes it to be necessary for the purpose of responding to a request made by the Federal Republic of Germany in accordance with the applicable arrangements.*

(2) Subject to this section and section 105E, the Assessor may by notice in writing require any person other than the taxpayer to deliver to the Assessor or, if so required by the Assessor, to make available for inspection by the Assessor, such documents as are in his possession or power and as (in the Assessor's reasonable opinion) contain, or may contain, information relevant to —

- (a) any liability to income tax to which the taxpayer is or may be subject;
- (b) the amount of any such liability;
- (c) the taxpayer's residence status for the purposes of this Act.

(3) Before a notice is given to a person by the Assessor under this section, that person must have been given a reasonable opportunity to deliver or make available the documents in question.

(4) Subject to section 105E(8) when the Assessor gives a notice under subsection (2), he shall also give to the taxpayer concerned —

- (a) a copy of the notice; and
- (b) a written summary of his reasons for the giving of the notice.

(5) Subsection (4) does not require the disclosure of any information which would, or might, identify any person who has provided the Assessor with any information which he took into account in deciding whether to give the notice.

(6) As an alternative to delivering documents to comply with a notice under subsection (2), copies of documents may be delivered instead of the originals; but —

- (a) the copies must be in such form *and authenticated in such manner* as the Assessor may reasonably require; and

- (b) if so required by the Assessor in the case of any documents specified in the requirement, the originals must be made available for inspection by the Assessor in accordance with the requirement,

and failure to comply with a requirement under this subsection counts as failure to comply with the notice.

105E. Notices under s. 105D : further provisions

(1) A notice under section 105D(2) shall name the taxpayer with whose liability the Assessor is concerned unless the Assessor is satisfied —

- (a) that the notice relates to a taxpayer whose identity is not known to the Assessor or to a class of taxpayers whose individual identities are not so known;
- (b) that there are reasonable grounds for believing that the taxpayer or any of the class of taxpayers to whom the notice relates may have failed or may fail to comply with any provision of the Income Tax Acts;
- (c) that any such failure is likely to have led or to lead to serious prejudice to the proper assessment or collection of tax; and
- (d) that the information which is likely to be contained in the documents to which the notice relates is not readily available from another source.

(2) A person to whom a notice under section 105D(2) is given may, if, in accordance with subsection (1), the notice does not name the taxpayer concerned, by notice in writing given to the Assessor within 30 days after the date of the notice under that section, object to that notice on the ground that it would be onerous for him to comply with it, and if the matter is not resolved by agreement, it shall be referred to the Commissioners, who may confirm, vary or cancel that notice.

(2A) In determining a reference under subsection (2), the Commissioners shall take account of the requirements of the applicable arrangements.

(3) The Treasury may by order declare that information of a particular description is not to be subject to the obligation imposed by section 105C(3) or 105D(4) if it is satisfied that there are reasonable grounds for suspecting the taxpayer of fraud or disclosure of information of that description would prejudice the assessment or collection of tax.

(4) An order under subsection (3) shall not come into operation unless it is approved by Tynwald.

(5) A notice under section 105D(2), does not oblige a person to deliver or make available any document the whole of which originates more than 6 years before the date of the notice.

(6) Subsection (5) does not apply where —

- (a) the Assessor is satisfied that there is reasonable ground for believing that tax has, or may have been, lost to the *Revenue of the Island or the Federal Republic of Germany* owing to the fraud of the taxpayer; and
- (b) the notice is so expressed as to exclude the restrictions of that subsection.

(7) A notice under section 105D(2) in relation to a taxpayer who has died cannot be given if more than 6 years have elapsed since the death.

(8) Subject to subsection (9), if, on the application of the Assessor, 2 members of the Income Tax Commissioners panel give their written consent, the copy and summary under section 105D(4) need not be given to the taxpayer to whom they relate.

(9) Consent shall not be given under subsection (8) unless both Commissioners are satisfied that the Assessor has reasonable grounds for suspecting the taxpayer of fraud.

(10) A Commissioner who gives a consent under subsection (8) shall not be liable in damages for, or in respect of, the consent nor any act or matter done or omitted to be done in relation to the consent unless the act or matter done or omitted to be done is shown to have been in bad faith.

(11) Subsection (10) does not apply so as to prevent the award of damages made in respect of an act or omission on the ground that the act or omission was unlawful as a result of section 6(1) of the Human Rights Act 2001.

(12) Where a consent has been given by the Commissioners under subsection (8), the person to whom the notice is given under section 105D(2) shall not —

- (a) inform the taxpayer, or cause or permit the taxpayer to be informed, that the notice has been given, or
- (b) disclose to any person, or cause or permit to be disclosed to any person (including the taxpayer), any information or matter which is likely to prejudice the inquiry to which the notice relates or the performance of the Assessor's functions.

(13) Subject to the defences in subsection (16), a person who fails to comply with subsection (12) is guilty of an offence and liable on summary conviction to fine not exceeding £5,000 or to custody for a term of 6 months, or to both.

(14) If an offence under subsection (13) is committed by a body corporate and is proved to have been committed with the consent or connivance of, or to be attributable to neglect on the part of, a director, manager, secretary or other similar officer of the body corporate or a person who was purporting to act in such a capacity, that person, as well as the body corporate, is guilty of the same offence and liable to be proceeded against and punished accordingly.

(15) Where the affairs of a body corporate are managed by its members or by agents, subsection (14) applies in relation to the acts and defaults of a member or an agent in connection with the functions of management as if that person were a director of the body corporate.

(16) It is a defence in proceedings for an offence under subsection (13) for the person concerned to satisfy the court —

- (a) that all reasonable precautions were taken and all due diligence was exercised to avoid the commission of the offence by the person concerned and by any person under his control, or
- (b) in the case of an offence in respect of an alleged contravention of subsection (12)(b), that the person concerned did not know or suspect that the disclosure was likely to be prejudicial to the inquiry or to the performance of the Assessor's functions.

105F. S. 105D : auditors and tax advisers

(1) Subject to subsection (3), a notice under section 105D(2) —

- (a) does not oblige a person who has been appointed as an auditor for the purposes of any enactment to deliver or make available documents which are his property and were created by him or on his behalf for or in connection with the performance of his functions under that enactment, and
- (b) does not oblige a tax adviser to deliver or make available documents which are his property and consist of relevant communications.

(2) In subsection (1) —

"relevant communications" means communications between the tax adviser and —

- (a) a person in relation to whose tax affairs he has been appointed, or
- (b) any other tax adviser of such a person,

the purpose of which is the giving or obtaining of advice about any of those tax affairs.

(3) Subject to subsection (4), if, in accordance with section 105E(1), a notice does not name the taxpayer concerned, subsection (1) shall not have effect in relation to any document which contains information giving the identity or address of any taxpayer to whom the notice relates or of any person who has acted on behalf of any such person.

(4) Subsection (1) is not disapplied by subsection (3) in the case of any document if —

- (a) the information within subsection (3) is contained in some other document, and
- (b) either —
 - (i) that other document, or a copy of it, has been delivered to the Assessor, or
 - (ii) that other document has been inspected by the Assessor.

(5) Where subsection (1) is disapplied by subsection (3) in the case of a document, the person to whom the notice is given either shall deliver the document to the Assessor or make it available for inspection by the Assessor or shall —

- (a) deliver to the Assessor a copy (in such form *and authenticated in such manner* as the Assessor may reasonably require) of any parts of the document which contain the information within subsection (3), and
- (b) if so required by the Assessor, make available such parts of the document as contain that information for inspection by the Assessor in accordance with the requirement;

and failure to comply with any requirement under paragraph (b) above shall constitute a failure to comply with the notice.

105G. Ss. 105C - 105F : supplementary

(1) The persons who may be treated as "the taxpayer" for the purposes of sections 105C to 105E include a company which has ceased to exist and an individual who has died.

- (2) In sections 105C to 105E references to documents do not include —
 - (a) personal records, or
 - (b) journalistic material, or
 - (c) items subject to legal privilege,

and references to particulars do not include particulars contained in such personal records, journalistic material or items.

(3) Subject to subsection (2), references in sections 105C to 105F to documents and particulars are to those specified or described in the notice in question; and —

- (a) the notice shall require documents to be delivered (or delivered or made available), or particulars to be furnished, within such time (which shall not be less than 30 days after the date of the notice) as may be specified in the notice; and
- (b) the person to whom they are delivered, made available or furnished may take copies of them or of extracts from them.

Court orders to deliver documents, etc.

105H. Orders for the delivery of taxpayer's documents

(1) The High Court may make an order under this section if satisfied on information on oath given by the Assessor —

- (a) that a notice under section 105C(1) has not been complied with; or
- (b) that there is reasonable ground for suspecting that such a notice will not be complied with.

(2) An order under this section is an order requiring the person to whom the notice is given to —

- (a) deliver to the Assessor such documents as are in the person's possession or power and as (in the Court's opinion) contain, or may contain, information relevant to —
 - (i) any liability to income tax which the person is or may be subject, or
 - (ii) the amount of any such liability;
- (b) furnish to the Assessor such particulars as the Court may specify as being relevant to, or to the amount of, any such liability; or
- (c) furnish to the Assessor such evidence of residence as the Court may specify.

105I. Orders for the delivery of documents relating to taxpayer

(1) The High Court may make an order under this section if satisfied on information on oath given by the Assessor —

- (a) that a notice under section 105D(1) has not been complied with; or
- (b) that there is reasonable ground for suspecting that such a notice will not be complied with; or
- (c) that the taxpayer concerned may have failed or may fail to comply with any provision of the Income Tax Acts, and that any such failure is likely to have led or to lead to serious prejudice to the proper assessment or collection of tax.

(2) An order under this section is an order requiring the person who appears to the Court to have in his possession or power the documents specified or described in the order to deliver them to the Assessor.

105J. Ss. 105H & 105I : supplementary

(1) An order under section 105H or 105I shall require compliance within —

- (a) 7 days after the day on which notice of the order is served on him, or
- (b) such shorter or longer period as may be specified in the order.

(2) If a person fails to comply with an order made under section 105H or 105I, he may be dealt with as if he had committed a contempt of the court.

(3) Where an order under section 105H or 105I applies to a document in electronic or magnetic form, the order shall be taken to require the person to deliver the information recorded in the document in a form in which it is visible and legible.

(4) Sections 105H or 105I do not apply to —

- (a) personal records, or
- (b) journalistic material, or
- (c) items subject to legal privilege.

105K. Ss. 105H & 105I : notices and procedures

(1) A person is entitled —

- (a) to at least 14 days notice of the intention to apply for an order against him under section 105H or 105I, and
- (b) to appear and be heard at the hearing of the application,

unless the High Court is satisfied that this would seriously prejudice the investigation of the offence.

(2) A person who has been given notice of intention to apply for an order under section 105H or 105I shall not —

- (a) conceal, destroy, alter or dispose of any document to which the application relates, or
- (b) disclose to any person (other than his professional legal adviser or tax adviser) information or any other matter likely to prejudice the investigation of the offence to which the application relates.

(3) Subsection (2)(a) does not prevent anything being done —

- (a) with the leave of the Court,
- (b) with the written permission of the Assessor authorised for the purpose,
- (c) after the application has been dismissed or abandoned, or
- (d) after any order made on the application has been complied with.

(4) Subsection (2)(b) does not prevent a professional legal adviser from disclosing any information or other matter —

- (a) to, or to a representative of, a client of his in connection with the giving by the adviser of legal advice to the client; or
- (b) to any person —

- (i) in contemplation of, or in connection with, legal proceedings; and
- (ii) for the purpose of those proceedings.

(5) Subsection (2)(b) does not prevent a tax adviser from disclosing any information or other matter to, or to a representative of, a client of his in connection with the giving by the adviser of tax advice to the client

(6) Subsections (4) and (5) do not apply in relation to any information or other matter which is disclosed with a view to furthering a criminal purpose.

(7) A person who fails to comply with the obligation in subsection (2)(a) or (b) may be dealt with as if he had failed to comply with an order under section 105H or 105I as the case requires.

105L. Falsification, etc. of documents

(1) Subject to subsections (2) to (4), a person is guilty of an offence if he intentionally falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of, a document which —

- (a) he has been required by a notice under section 105C or 105D or an order under section 105H or 105I, or
- (b) he has been given an opportunity in accordance with section 105C(2) or 105D(3),

to deliver, or to deliver or make available for inspection.

- (2) A person does not commit an offence under subsection (1) if he acts —
 - (a) with the written permission of the Assessor authorised for the purpose; or
 - (b) after the document has been delivered or, in a case within section 105C, inspected, or
 - (c) after a copy has been delivered in accordance with section 105C(1) or 105D(2) and the original has been inspected.

(3) A person does not commit an offence under subsection (1)(a) if he acts after the end of the period of 2 years beginning with the date on which the notice is given or the order is made, unless before the end of that period the Assessor has notified the person in writing that the notice or order has not been complied with to his satisfaction.

(4) A person does not commit an offence under subsection (1)(b) if he acts after an application for consent to a notice being given in relation to the document has been refused.

- (5) A person guilty of an offence under subsection (1) shall be liable —
 - (a) on summary conviction, to a fine not exceeding £5,000;

- (b) on conviction on information, to custody for a term not exceeding 2 years or to a fine or to both.

105M. Entry with warrant to obtain material

(1) If a Deemster is satisfied on information on oath given by the Assessor that there is reasonable ground for suspecting that —

- (a) an offence involving fraud in connection with, or in relation to, income tax is being, has been or is about to be committed; and
- (b) that evidence of it is to be found on premises specified in the information,

the Deemster may issue a warrant in writing authorising the Assessor to enter the premises, if necessary by force, at any time within 14 days from the time of issue of the warrant, and search them.

(2) An application for a warrant under this section shall not be approved under subsection (1)(b) unless there are reasonable grounds for believing that use of the procedure under section 105H or 105I (order for production of documents) might seriously prejudice the investigation.

(3) The powers conferred by a warrant under this section shall not be exercisable —

- (a) outside such times of day as may be so specified;
- (b) if the warrant so provides, otherwise than in the presence of a constable in uniform.

(4) When entering the premises under the authority of a warrant under this section the Assessor may —

- (a) take with him such other persons as appear to him to be necessary;
- (b) seize and remove any thing whatsoever found there which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence as is mentioned in subsection (1); and
- (c) search or cause to be searched any person found on the premises whom he has reasonable cause to believe to be in possession of any such things;

but no person shall be searched except by a person of the same sex.

(5) In the case of any information contained in a computer stored in any electronic form which is information that —

- (a) the Assessor has reasonable cause to believe may be required as evidence for the purposes mentioned in subsection (4)(b); and
- (b) is accessible from the premises,

the power of seizure under that subsection includes a power to require the information to be produced in a form in which it can be taken away and in which it is visible and legible or from which it can readily be produced in a visible and legible form.

(6) Nothing in subsection (4) authorises the seizure and removal of items subject to legal privilege.

(7) Items held with the intention of furthering a criminal purpose are not subject to legal privilege.

(8) A person seeking to exercise the powers conferred by a warrant under this section or, if there is more than one person, that one of them who is in charge of the search —

- (a) if the occupier of the premises concerned is present at the time the search is to begin, shall supply a copy of the warrant endorsed with his name to the occupier;
- (b) if at that time the occupier is not present but a person who appears to the Assessor to be in charge of the premises is present, shall supply such a copy to that person; and
- (c) if neither paragraph (a) nor paragraph (b) applies, shall leave such a copy in a prominent place on the premises.

(9) Where entry to premises has been made with a warrant under this section, and the person making the entry has seized any things under the authority of the warrant, he shall endorse on or attach to the warrant a list of the things seized.

105N. Procedure where documents etc. are removed

(1) A person who removes anything in the exercise of the power conferred by section 105M shall, if so requested by a person showing himself —

- (a) to be the occupier of premises from which it was removed, or
- (b) to have had custody or control of it immediately before the removal,

provide that person with a record of what has been removed.

(2) The record shall be provided within a reasonable time from the making of the request for it.

(3) Where anything that has been removed by the Assessor as mentioned in subsection (1) is of such a nature that a photograph or copy of it would be sufficient —

- (a) for use as evidence at a trial for an offence, or
- (b) for forensic examination or for investigation in connection with an offence,

it shall not be retained longer than is necessary to establish that fact and to obtain the photograph or copy.

(4) Subject to subsection (8), if a request for permission to be granted access to anything which —

(a) has been removed, and

(b) is retained for the purpose of investigating an offence,

is made to the Assessor by a person who had custody or control of the thing immediately before it was so removed, or by someone acting on behalf of any such person, the Assessor shall allow the person who made the request access to it under the supervision of the Assessor.

(5) Subject to subsection (8), if a request for a photograph or copy of any such thing is made to the Assessor by a person who had custody or control of the thing immediately before it was so removed, or by someone acting on behalf of any such person, the Assessor shall —

(a) allow the person who made the request access to it under the supervision of the Assessor for the purpose of photographing it or copying it, or

(b) photograph or copy it, or cause it to be photographed or copied.

(6) Where anything is photographed or copied under subsection (5)(b) the photograph or copy shall be supplied to the person who made the request.

(7) The photograph or copy shall be supplied within a reasonable time from the making of the request.

(8) There is no duty under this section to grant access to, or to supply a photograph or copy of, anything if the Assessor has reasonable grounds for believing that to do so would prejudice —

(a) the investigation of an offence for the purposes of which the thing was removed;

(b) the investigation of another offence; or

(c) any criminal proceedings which may be brought as a result of any investigation mentioned in paragraph (a) or (b).

105O. Interpretation of ss. 105C to 105N

In sections 105C to 105N —

“applicable arrangements” means the arrangements for the exchange of information with respect to taxes contained in an agreement between the Government and the Government of the Federal Republic of Germany signed in Berlin on 2 March 2009;

“the Federal Republic of Germany” shall be construed in accordance with the applicable arrangements;

"document" means anything in which information of any description is recorded but without prejudice to the definition of that word in the Interpretation Act 1976;

"income tax" includes any tax of the Federal Republic of Germany to which the applicable arrangements relate, and "tax", "liability to income tax" and "liability" shall be construed accordingly;

"income tax Acts" includes the laws of the Federal Republic of Germany that relate to any tax to which the applicable arrangements relate, and "this Act" shall be construed accordingly;

"items subject to legal privilege" has the same meaning as in the Police Powers and Procedures Act 1998;

"journalistic material" has the same meaning as in the Police Powers and Procedures Act 1998;

"personal records" has the same meaning as in the Police Powers and Procedures Act 1998;

"tax adviser" means a person who —

- (a) in the ordinary course of his business, gives, and holds himself out as giving, advice to others about their tax affairs; and
- (b) has been appointed to give such advice either by the person in relation to whose tax affairs he has been appointed or by another tax adviser of that person;

"taxpayer" includes a person who is or may be liable to any tax to which the applicable arrangements relate.

EXPLANATORY NOTE
(This note is not part of the Order)

This Order is made under section 19 of the Income Tax Act 2003. It implements arrangements negotiated between the Government of the Isle of Man and the Government of the Federal Republic of Germany for the mutual exchange of information in respect of tax.