



INCOME TAX ACT 1970

INCOME TAX (DEDUCTIONS) (PRESCRIBED CASES) (AMENDMENT) ORDER 2007

Approved by Tynwald *19th June 2007*

Coming into operation in accordance with article 1(1)

In exercise of the powers conferred on the Treasury by sections 31A of the Income Tax Act 1970 (a), and of all other enabling powers, the following Order is hereby made:-

Citation and commencement

1. (1) This Order may be cited as the Income Tax (Deductions) (Prescribed Cases) (Amendment) Order 2007 and, subject to section 31A (2)(b) of the Income Tax Act 1970, shall come into operation on the day that it is approved by Tynwald.
- (2) Except where expressly provided, this Order shall have effect in respect of the income tax year commencing 6 April 2007 and subsequent years.

Amendment of Statutory Document 374/89

2. After article 2(10), (deductions for payments of interest), of the Income Tax (Deductions) (Prescribed Cases) Order 1989 (b), insert-
 - “(11) In respect of any loan made by a corporate taxpayer on or after 6 April 2007 no deduction will be allowed under this article except in the circumstances specified in paragraph (12).
 - (12) Those circumstances are -
 - (a) the corporate taxpayer has a fixed place of business in the Island through which its business is wholly or partly carried on; and
 - (b) the loan is arranged and made in the course of that business.
 - (13) With effect from 6 April 2008 the maximum deduction that an individual will be allowed under this article will be £15,000.

(14) Interest will not be allowed under this article on a loan the purpose or one of the purposes of which is the reduction of the liability of any person to income tax and the provisions of Schedule 1 to the Income Tax Act 1980 (c) apply accordingly.”

Made this 25th day of April 2007



Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Income Tax (Deductions) (Prescribed Cases) Order 1989 to ensure that a deduction for interest paid is not allowed where the interest is paid to a company that does not have a place of business on the Island. The Order also introduces a cap of £15,000 per individual from the 6 April 2008; the loan must not be merely to reduce the liability to Manx income tax.