

Statutory Document No. 2014/0122

*Income Tax Act 1970*

## **INCOME TAX (SOCIAL SECURITY BENEFITS) (EXEMPTIONS) ORDER 2014**

*Approved by Tynwald:* 20 May 2014  
*Coming into Operation:* 23 May 2014

The Treasury makes the following Order under section 48(2)<sup>1</sup> of the Income Tax Act 1970.

### **1 Title**

This Order is the Income Tax (Social Security Benefits) (Exemptions) Order 2014.

### **2 Commencement**

If approved by Tynwald, this Order comes into operation on 23 May 2014 and shall have effect in respect of the income tax year commencing 6 April 2014 and all subsequent years<sup>2</sup>.

### **3 Social security benefits: exemptions**

The following benefits are not to be treated as income for any purpose of the Income Tax Acts —

- (a) attendance allowance;
- (b) bereavement payment;
- (c) Christmas bonus;
- (d) employed person's allowance;
- (e) guardian's allowance;
- (f) incapacity benefit;
- (g) jobseeker's allowance
- (h) maternity allowance;
- (i) the mobility component of a disability living allowance;

<sup>1</sup> As substituted by section 7 of the Income Tax (Amendment) Act 2014

<sup>2</sup> Tynwald approval is required by section 48(6) of the Income Tax Act 1970

- (j) paternity allowance;
- (k) severe disablement allowance;
- (l) so much of any benefit as is attributable to an increase in respect of a child; and
- (m) a winter bonus.

#### **4 Child benefit and income support: exempt in certain circumstances**

- (1) If the only source of taxable income of a person who is not jointly assessed in a year of assessment is child benefit or income support (or both), the Assessor will not pursue the income tax liability arising on that income.
- (2) If a person who is not jointly assessed in a year of assessment receives in that year —
  - (a) child benefit or income support (or both); and
  - (b) other taxable income the aggregate of which amounts to less than the person's individual allowance for the year of assessment,the Assessor will not pursue the income tax liability arising on the person's total income.
- (3) Paragraphs (1) and (2) do not apply in respect of a person who is not jointly assessed and who is the spouse or civil partner of a person whose election for the income tax cap has been approved under section 2ZA of the Income Tax Act 1970 and is in force for the year of assessment.
- (4) If a couple are jointly assessed and their only source of taxable income in the year of assessment is child benefit or income support (or both), the Assessor will not pursue the joint income tax liability arising on that income from either person.
- (5) If a couple who are jointly assessed in a year of assessment receive in that year —
  - (a) child benefit or income support (or both); and
  - (b) other taxable income the aggregate of which amounts to less than the combined allowance for the year of assessment,the Assessor will not pursue the income tax liability arising on the couple's total income from either person.
- (6) The Assessor may adjust a person's tax code to apply this article and so as to prevent overpayment of income tax through the Income Tax Instalment Payments system.
- (7) If a person has overpaid income tax due to the operation of this article, the Assessor may adjust the person's tax assessment accordingly to ensure that the overpayment is refunded.
- (8) In this article —

- (a) “**combined allowance**” means the amount applicable under section 35(1) of the Income Tax Act 1970;
- (b) “**couple**” means two persons who are either spouses or civil partners of each other;
- (c) “**individual allowance**” means the amount applicable under section 35(3) of the Income Tax Act 1970;
- (d) “**jointly assessed**” means that an election is in force in accordance with section 65A of the Income Tax Act 1970 for the year of assessment; and
- (e) “**a person who is not jointly assessed**” includes any person taxed as a separate individual, whether or not the person is single, a spouse or a civil partner.

**MADE 7<sup>th</sup> April 2014**

**W E TEARE**  
*Minister for the Treasury*

*EXPLANATORY NOTE*

*(This note is not part of the Order)*

This Order is made under section 48 of the Income Tax Act 1970.

Articles 1 and 2 deal with citation and commencement.

Article 3 lists those social security benefits that are to be exempt from income tax for the income tax year commencing 6 April 2014 and all subsequent years.

Article 4 ensures that persons who receive child benefit and/or income support do not have to pay tax unless they have other taxable income which exceeds their personal allowance. This article will not apply to a person who is the spouse or civil partner of an individual whose election for the income tax cap to apply has been approved and is in force for the year of assessment.