



Isle of Man
Government

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PRACTICE NOTE

PN 197/18

Date: 22 January 2018

DOMESTIC REPORTING OBLIGATIONS FOR FINANCIAL INSTITUTIONS

Section 78 of the Income Tax Act 1970

Introduction

This Practice Note explains the prescribed formats to be used by Isle of Man financial institutions that have domestic reporting obligations under section 78 of the Income Tax Act 1970.

It replaces the guidance previously provided in PN 118/05 in relation to the annual return of interest paid to Manx residents by financial institutions reported under section 78.

The new prescribed reporting format for section 78, described in detail below, will be effective from the 2017/18 reporting period, reports for which should be submitted to the Assessor on or before **30 September 2018**.

Format

From 2017/18 Isle of Man financial institutions will be required to make their return either by completing a standardised Microsoft Excel Template or by using prescribed schemas in Extensible Markup Language (XML), which are described in further detail below.

Both the Excel template and XML schema will collect the same information, being the minimum required for reporting under section 78, as detailed in Appendix I of this Practice Note.

XML

Financial institutions reporting in XML must do so in accordance with the Income Tax Division's new section 78 schema.

An illustrated copy of the schema is shown in Appendix II and a copy of the XSD file can now be downloaded from the Income Tax Division's website at the link below:

<https://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/tax-practitioners-and-technical-information/financial-institutions-section-78/>.

Excel

Isle of Man financial institutions that wish to file using Microsoft Excel must use the section 78 Excel Template, which can also be found on the Income Tax Division's website at the link above.

As XML is the Assessor's preferred format for reporting, the Excel template has been mapped to the schema described above.

As a result, Isle of Man financial institutions that are unable to automatically extract their data to XML are encouraged upon completing the template to use the 'Export' function within the 'Developer' tab to automatically create an XML file for submission to the Assessor (as illustrated in Appendix III).

Method of Transmission

To date, Isle of Man financial institutions have been able to transmit section 78 information to the Assessor using physical storage devices or by secure email, and they can continue to do so. However, for greater security the Assessor wishes to encourage the use of the Information Providers' Online Service for reporting such information.

The service enables all information providers, including those with international reporting responsibilities (FATCA, the CRS and CbCR), to securely upload reports direct to the Division; it also automatically validates the uploaded files against the applicable schemas, reporting any errors to users instantly so that they can make the necessary corrections.

The Information Providers' Online Service will only accept files in XML format. Therefore, those financial institutions using Excel who want to submit online should use the export function described above.

Enrolment

Isle of Man financial institutions with existing international reporting obligations (FATCA, the CRS and CbCR) can use their existing Information Providers' account to submit their section 78 report to the Division by adding the new return type (see illustration in Appendix IV).

Alternatively, should the financial institution wish to set up a separate login for domestic reporting purposes they should complete the registration form, available on the Income Tax Division website at the link below, so the necessary security and activation codes can be issued.

<https://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/international-agreements/fatca-and-common-reporting-standard/information-providers-reporting-registration-form/>

Nicola Guffogg

Assessor of Income Tax

This Practice Note is intended only as a general guide and must be read in conjunction with the appropriate legislation. It does not have any binding force and does not affect a person's right of appeal on points concerning their own liability to income tax.

Comments and suggestions for improvements of issued Practice Notes and suggestions for future Practice Notes are always welcome.

Appendix I – Information Required to be Reported

Section 78 – Return of Interest Paid to Isle of Man Residents

Financial Institution Details

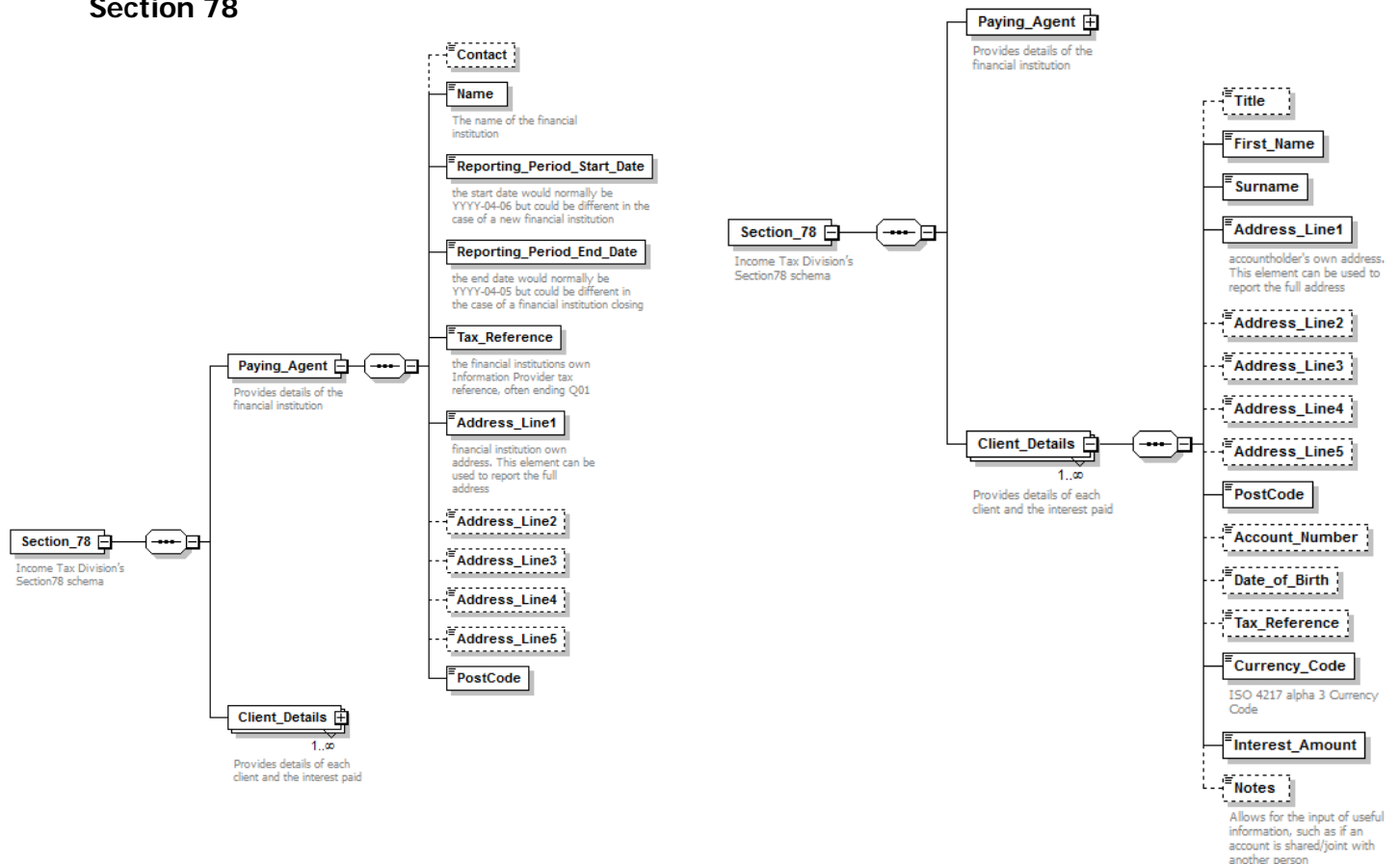
- Name
- Reporting Period
- Contact Point (optional)
- Address
- Tax Reference

Accountholder Details

- Title (optional)
- First Name
- Surname
- Address
- Account Number (if held)
- Date of Birth (if held)
- Tax Reference Number (if held)
- Account Currency
- Interest Paid
- Additional Information (optional)

Appendix II – Schema Illustration

Section 78



Appendix III – Export from Excel



Appendix IV – Adding New Return Type

01 Jan 2018	31 Dec 2018	CRS	
01 Jan 2018	31 Dec 2018	FATCA US	
Add Return Type	Remove Return Type		

Add Return Type

Show menu

You can add a new return type if you have a new reporting obligation by selecting the return type below and inputting the applicable start date.

Further information on reporting dates and deadlines are available [here](#).

Start Date

06 April 2017

Return Type

SECTION 78

Cancel Submit