



## INCOME TAX

### EXTRA STATUTORY CONCESSION

#### DIRECTOR'S REMUNERATION AND CONSULTANCY FEES PAID TO NON-RESIDENT INDIVIDUALS

*Approved by Tynwald 17<sup>th</sup> October 2006*

*Coming into operation in accordance with paragraph 1*

Notwithstanding section 11A of the Income Tax Act 1970<sup>a</sup> (limit on income chargeable to non-residents), the Treasury has agreed the following Concession -

1. This Concession has effect for the year of assessment commencing 6 April 2006 and subsequent years of assessment.

#### **Directors' Remuneration**

2. Subject to paragraph 3, the Assessor will not require Manx income tax to be deducted or withheld on certain directors' remuneration paid by a company incorporated under the Isle of Man Companies Acts or registered under part XI of the Companies Act 1931, to an individual director of that company who is not resident in the Isle of Man.
3. In paragraph 2, a director's remuneration must be in respect of duties that are wholly performed outside the Isle of Man or the fees in respect of a director's statutory functions within the Island.

#### **Consultancy Fees**

4. The Assessor will not require Manx income tax to be deducted or withheld on consultancy fees paid by a company incorporated under the Isle of Man Companies Acts or registered under part XI of the Companies Act 1931, to an individual not resident in the Isle of Man, where the consultancy fees are paid solely in respect of services performed by that person outside the Isle of Man.
5. Where a non resident individual receives such consultancy fees and, in the same year of

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<sup>a</sup> Vol. XXI p.260

assessment also receives other Manx source income, the non resident personal allowance will be set off against the consultancy fees first, with the balance of personal allowance, if any, being set off against the other income.

### **Application**

6. This Concession is of general application, but in a particular case there may be special circumstances which will require to be taken into account in considering the application of the Concession. Accordingly, this Concession shall not be applied in any case where the Assessor determines that the concession has been or is intended to be subject to abuse.
7. This Concession may be cancelled at any time.

MADE 6<sup>th</sup> September 2006



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*Minister for the Treasury*

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### **EXPLANATORY NOTE**

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

This Concession provides that no withholding tax will be deducted from payments of directors' remuneration and consultancy fees made by a company incorporated under the Isle of Man Companies Acts or registered under part XI of the Companies Act 1931 to non resident individuals, providing that the duties for which these payments are made are being carried on outside the Island (except for the statutory duties, such as attending board meetings, that are required to be performed by directors).