



INCOME TAX ACT 2003

INCOME TAX (PERSONAL ALLOWANCE CREDIT) (AMENDMENT) REGULATIONS 2006

Laid before Tynwald 21st February 2006

Coming into operation on 6th April 2006

In exercise of the powers conferred on the Treasury by sections 14(1) and (2) of the Income Tax Act 2003 (a), and of all other enabling powers, the following Regulations are hereby made:-

Citation, commencement and interpretation

1. (1) These Regulations may be cited as the Income Tax (Personal Allowance Credit) (Amendment) Regulations 2006.
- (2) These Regulations shall have effect in respect of payments made after 5th April 2006 in respect of the income tax year commencing 6th April 2005 and subsequent years.
- (3) In these Regulations, “the Act” means the Income Tax Act 2003.

Amendment of S.D. 32/05

2. In the Income Tax (Personal Allowance Credit)(Amendment) Regulations 2005 (b) - ,
 - (a) in regulation 3 (a), for “£250.00” (the maximum credit for individuals) substitute “£350.00”,
 - (b) in regulation 4 (a), for “£500.00” (the maximum credit for a married couple) substitute “£700.00”.

Credit: individuals

2. In section 5 of the Act -
 - (a) in subsection (2), for “£1” substitute “£1.40”,
 - (b) in subsection (2), in the formula, where “D = 10” (the marginal rate reduction factor), substitute “D = 7.15”.

Credit: married couples

3. In section 6 of the Act -
 - (a) in subsection (3), for “£1” substitute “£1.40”,
 - (b) in subsection (3), in the formula, where “D = 10” (the marginal rate reduction factor), substitute “D = 7.15”.

Gross Income

4. In section 15 of the Act, in the definition of “gross income”, for paragraph (a)(iii) substitute -

“(iii) all payment of benefit chargeable to income tax under Section 48 of the Income Tax Act 1970;”

Made this 25th day of January 2006


Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations increase the maximum amount of personal allowance credit payable from £250.00 to £350.00 for single individuals and from £500.00 to £700.00 for married couples. The Regulations also change the marginal rate reduction factor to take account of the increased credit payable where a single person has income above £6,000 and a married couple has income above £12,000.

The Regulations change the definition of gross income to link it to the definition used for computing income tax. The effect of this is to remove any non taxable benefits from the calculation of personal allowance credit.

The increases apply to payments made after 6 April 2006 in respect of income levels in the tax year ending on 5th April 2006 and subsequent years.