



INCOME TAX ACT 1970

INCOME TAX (CAPITAL EXPENDITURE) (MODIFICATION) ORDER 1985

In exercise of the powers conferred on the Finance Board by section 29(2) of the Income Tax Act 1970(a), and of all other powers enabling it in that behalf, the following Order is hereby made:-

Citation and Commencement

1. This Order may be cited as the Income Tax (Capital Expenditure) (Modification) Order 1985 and shall come into operation on the day on which it is approved by Tynwald.

Modification of Relief for Capital Expenditure

2. In the computation of the profits and gains of a trade for the purposes of the Income Tax Acts, allowances of the following amounts shall be made:-

- (a) in respect of capital expenditure incurred on the provision of machinery or plant for the purposes of the trade, a 100% first year allowance;
- (b) in respect of capital expenditure incurred on the provision of plant and machinery for leasing by a company resident in the Island to a person who is not resident in the Island, a 100% first year allowance,

and the Income Tax Acts of Parliament shall, in their application to the Island by virtue of section 29(1) of the Income Tax Act 1970, have effect accordingly.

27th November, 1985.

Chairman of the meeting at  
which this Order was made

This Order was approved by Tynwald on 17th December 1985

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(a) XXI p.260

EXPLANATORY NOTE

(This Note is not part of the Order)

Section 29 of the Income Tax Act 1970 provides that, in computing the profits of a trade or business for income tax purposes, the tax reliefs for capital expenditures granted by the United Kingdom legislation are allowable for Manx tax purposes.

Section 2 of the Income Tax (Amendment) Act 1985 amends Section 29 of the 1970 Act to the extent that the Finance Board, with the approval of Tynwald may modify the amount of such tax reliefs (called 'Capital Allowances') and the conditions subject to which such allowances are granted.

The attached Order provides that, whereas in the United Kingdom "First Year Allowances" are being phased out, a 100% First Year Allowance is to be retained for Manx income tax purposes.

This Order also provides that a 100% First Year Allowance in respect of capital expenditure incurred by a Manx resident leasing company for leasing to a person not resident in the Isle of Man, be granted.