

ISLE OF MAN BUDGET 2011 Income Tax Proposals

The Manx 2010 Budget proposals were announced on 15 February 2011 and can be found on the Isle of Man government website at www.gov.im/treasury/incometax. In summary, there have been some changes in the rates and allowances. Details for 2011/12 are:

Individuals

- 1) The income tax personal allowances remain unchanged at the following amounts:
 - Single Person's Allowance – £9,300
 - Married Couples Allowance – £18,600
 - Single Parent Allowance – £15,700 (including Single Person's Allowance)
 - Additional Registered Blind Person and Disabled Person Allowance – £2,900
- 2) The Age Allowance for all resident individuals who are aged 65 or over at the start of the tax year remains at an additional £2,020 for each individual.
- 3) There are no tax thresholds changes. The standard rate of income tax remains at 10% on taxable income up to £10,500, and the higher rate of income tax remains at 20%.
- 4) The Tax Cap threshold, for resident individuals, remains at £115,000.
- 5) The maximum deduction allowed for Nursing Expenses remains at £9,300.
- 6) Tax relief for Donations to Charities remains at £7,000 per person per annum.
- 7) Tax relief for Educational Deeds of Covenant will be abolished from 6 April 2011. (See our article on "Educational Deeds of Covenant".)
- 8) The rates applied for Class 4 National Insurance Contributions (NIC), which is payable by self-employed individuals, remain unchanged. However, tax relief in respect of Class 4 NICs will be abolished from 6 April 2011.
- 9) The rates applied for Employees' & Employers' National Insurance Contributions remain unchanged.
- 10) The amount of Class 2 NIC, which is payable by self-employed individuals, has increased to £2.50 per week.
- 11) The amount of Class 3 NIC, which is a voluntary payment by non-employed individuals, has increased to £12.60 per week.
- 12) The thresholds on which NIC is applied have increased. (Please refer to our Manx tax card for further details.)



- 13) Mortgage and Loan Interest Relief has been restricted further and is now limited to £7,500 per individual.
- 14) The Personal Allowance Credit has increased by 7.7% to £700. All amounts are doubled for jointly assessed married couples. Therefore if total income is less than £9,300, the full Personal Allowance Credit of £700 will be paid. However, the credit will not be paid to an individual if:
- In full time education at any time during the year of assessment; or
 - Serving a prison sentence for the whole of the tax year of assessment; or
 - A spouse of an individual whose income tax liability for the tax year is within the Tax Cap.

Companies

There are no changes to the tax rates for Manx incorporated and Manx resident companies. However, it was announced that the Attribution Regime for Individuals (ARI) will be abolished for accounting periods beginning on or after 7 April 2012.

If you would like to know more then please contact
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