



## TAX CAP - ISLE OF MAN

The Individual Tax Cap was introduced with effect from 6 April 2006. The cap is currently £115,000 for an individual or £230,000 for a jointly assessed couple.

Strictly, in order for the tax cap to apply, an application needs to be made to the Assessor of Income Tax. An initial meeting with the Income Tax Division may follow, to be attended by the taxpayer and/or his agent. However, it is possible that a meeting will not be needed if sufficient information is already held by them. At the meeting details of previous place of residence, location of income, and business and investment interests will be requested, and documentary evidence may be required.

Despite an application for the Tax Cap being successful a complete and accurate tax return is nevertheless required to be submitted. We understand this is for statistical purposes only.

In order to be able to benefit from the Tax Cap an individual needs to be resident in the Isle of Man, and his/her total taxable income (before personal allowances) will be greater than £590,000, and double this figure if a couple is jointly assessed.

There is scope for tax planning where a couple is jointly assessed currently, and one spouse's income is considerably greater than the other, and on its own is greater than £590,000. In these circumstances it could be tax advantageous to elect for independent taxation, so that one spouse could take advantage of the tax cap.

Where such an individual has an interest in an Isle of Man company, the Attribution Regime for Individuals (ARI) will still apply to the company, and where appropriate an ARI certificate will be required to be prepared and submitted to the Isle of Man Income Tax Division. (See our note on the Attributable Regime for Individuals)

**If you would like to know more then please contact**  
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