



**ISLE OF MAN BUDGET 2018
Income Tax Proposals**

The Manx 2018 Budget proposals were announced on 20 February 2018 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 2018/19 are:-

Individuals

- 1) The following income tax personal allowances will apply for the tax year commencing on 6 April 2018.
 - Single Person's Allowance – £13,250
 - Married Couple's Allowance – £26,500
 - Single Parent Allowance – £19,650 (including Single Person's Allowance)
 - Additional Registered Blind and/or Disabled Person's Allowance – £2,900
 - Co-habiting Couples Allowance – £6,400

- 2) The tax threshold rates remain the same as 2017/18. The standard rate of income tax of 10% on taxable income remains at £6,500 (£13,000 for married couples) The higher rate of income tax remains at 20%.

- 3) From 6 April 2018, the Tax Cap threshold, for resident individuals, is £150,000 or £300,000 if jointly assessed. The "five year" tax cap election introduced on 6 April 2014 still remains in force. (Please see our article Tax Cap - Isle of Man for further information)

- 4) The maximum deduction allowed for Nursing Expenses remains at £12,500.*

- 5) Tax relief for Donations to Charities remains at £7,000 per person per annum.*

- 6) The maximum amount of Mortgage and Loan Interest for which relief can be claimed remains at £5,000 per individual. This limit is doubled for jointly assessed couples, regardless of which individual is responsible for paying the interest.*

- 7) The maximum tax relief for Private Medical Insurance payments remains at £1,800 for individuals and £3,600 for married couples.*

* Please note that tax relief is restricted to 10% for deductions available to individuals in respect of those items marked by * above.

- 8) The rates of Class 4 National Insurance Contributions (NIC), which is payable by self-employed individuals, remain unchanged. (Please refer to our 2018/19 Manx tax card for further details).
- 9) The rates of Class 1 Employees' & Employers' National Insurance Contributions remain unchanged. (Please refer to our 2018/19 Manx tax card for further details).
- 10) The rate of Class 2 NIC, which is payable by self-employed individuals, remains at £5.40 per week.
- 11) The rate of Class 3 NIC, which is a voluntary payment by non-employed individuals, has increased from £14.25 to £14.65 per week.
- 12) The Personal Allowance Credit remains at £400 for payments made for the 2018/19 year tax which are paid after 6 April 2018. Therefore if total income is less than £9,500, the full Personal Allowance Credit of £400 will be paid. To qualify for a personal allowance credit you must have been 65 years of age at the **start** of the tax year or to have been eligible for either blind persons allowance or disabled persons allowance together with being resident on the Island for the whole of the tax year. Please note, however, that 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
 - He/she is the spouse of an individual whose income tax liability for the tax year is within the Tax Cap.Please note that a Personal Allowance Credit cannot be claimed for, or paid in respect of, the year of assessment in which an individual dies, provided that the death occurs on or after that date.

Companies

1. Companies with Banking Business income continue to pay tax at 10%.
2. Companies with retail business and taxable profits of more than £500,000 continue to pay tax at 10%
3. Companies may elect to pay Manx tax at 10%.
4. Other companies are taxable at 0%.
5. Companies with income from Manx land and property continue to pay tax at 20%



Crowe Clark Whitehill LLC™

If you would like to know more then please contact

Pam Harvey : pam.harvey@crowe.im John Cowan : john.cowan@crowe.im

or Elaine Rudge : elaine.rudge@crowe.im

Crowe Clark Whitehill LLC, 6th Floor, Victory House, Prospect Hill, Douglas IM1 1EQ

Tel: 01624 627335; Fax: 01624 677225; Web: www.crowe.im

Crowe Clark Whitehill LLC does not accept any liability for any action taken or not taken on the basis of this Note. Crowe Clark Whitehill is a registered Business Name of Crowe Clark Whitehill LLC. Crowe Clark Whitehill LLC is a Limited Liability Company registered in the Isle of Man No. 719L.