

Income Tax Rates

Resident Individuals	2017/2018	2016/2017
	%	%
Single person		
Band of taxable income:		
■ £1 - £6,500	10	-
■ Over £6,500	20	-
■ £1 - £8,500	-	10
■ Over £8,500	-	20
Married couples (if jointly assessed)		
Band of taxable income:		
■ £1 - £13,000	10	-
■ Over £13,000	20	-
■ £1 - £21,000	-	10
■ Over £21,000	-	20
Tax Cap (max. tax liability)	£125,000	£125,000
(if jointly assessed)	£250,000	£250,000
(Use of the Tax Cap is subject to a five year election)		
Companies	2017/2018	2016/2017
	%	%
Taxable profits are taxed at the stated rates based on the following income sources:		
■ Banking business	10 *	10 *
■ Manx land & property	20 *	20 *
■ All other income	0 *	0 *

Companies with a retail business and taxable profits of more than £500,000 pay tax at 10%.

Companies may elect to pay Manx tax at 10%. This election is for 5 years.

* Manx resident shareholders are taxed on dividends distributed. Tax credits will be given on dividends paid from profits which have already suffered Manx tax. There is a strict ordering system when distributions are made and matched to profits/reserves, but the distribution of Manx company profits which have suffered Manx tax already are outside of this ordering system.

Personal Allowances & Deductions

Allowances	2017/2018	2016/2017
	£	£
Personal:		
Single person	12,500	10,500
Married couples	25,000	21,000
(fully transferable between spouses if jointly assessed)		
Age allowance	-	1,000
Additional allowances	6,400	6,400
(for widows and others in receipt of single parent benefit)		
Blind person	2,900	2,900
Disabled person	2,900	2,900
Deductions	2017/2018	2016/2017
	£	£
Private Medical Insurance	1,800	1,800
Donations to Charities	7,000	7,000
Nursing expenses	12,500	9,300
Interest paid to Manx resident lenders:		
Single person	5,000	7,500
Married couples	10,000	15,000
(fully transferable between spouses if jointly assessed)		

The above amounts are the maximum deduction levels for each type of expenditure eligible for tax relief. Tax relief for these deductions is restricted to 10%, i.e. no tax relief will be given at the higher rate of Manx tax.

An individual in receipt of Maintenance Payments is not taxed on the income, and an individual making these payments will not get tax relief.

Subject to certain restrictions, a Personal Allowance Credit of £400 (£800 for jointly assessed couples) is available in full if income is less than £9,500 (£19,000).

National Insurance Contributions

Class 1 Employed – not contracted out – on all earnings per week (see Note 1):

2017/2018	Employees	Employers
■ £0 - £118	NIL / 0%	NIL/0%/12.8%
■ £118 - £784	11%	12.8%
■ Over £784	1%	12.8%

2016/2017	Employees	Employers
■ £0 - £118	NIL / 0%	NIL/0%/12.8%
■ £118 - £784	11%	12.8%
■ Over £784	1%	12.8%

	2017/2018	2016/2017
Class 2 Fixed per week – no liability if earnings below £6,136 p.a. (£6,136 p.a. – 2016/2017)	£5.40	£5.40

Class 4 Earnings related on taxable profits:		
■ £6,136 - £40,768 p.a.	8%	8%
■ Over £40,768 p.a.	1%	1%

Class 3 Non-employed voluntary rate per week	£14.25	£14.10
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Notes:

1. Reduced rate of Class 1 contributions, for both employers and employees, applicable in respect of contracted out employees on earnings between £118 and £784 per week (£118 to £784 per week – 2016/2017).

VAT Registration Limits

From 1/4/16 – Annual turnover limits:	£
Registration (< 12 months or next 30 days)	85,000
Deregistration	83,000
Standard rate	20%

There is no Capital Gains Tax or Inheritance Tax in the Isle of Man