

## National Insurance Contributions\*

Class 1: Employee **	(%)
<b>2020/21</b>	
Earnings bracket (weekly) up to £138	Nil
£138.01 to £823	11
over £823	1
<b>2019/20</b>	
Earnings bracket (weekly) up to £125	Nil
£125.01 to £784	11
over £784	1

Class 1: Employer **	2020/21 (%)
Earnings bracket (weekly) up to £138	Nil
over £138	12.8

Classes 2 and 3	2020/21 (£)	2019/20 (£)
<b>Class 2 (self employed flat rate)</b>		
Per week	5.40	5.40
Small earnings exception (year)	7,176	6,500
<b>Class 3 (voluntary)</b>		
Per week	15.30	15.00

Class 4 (self employed)	(%)
<b>2020/21</b>	
up to £7,176	0
£7,176.01 to £42,796	8
over £42,796	1
<b>2019/20</b>	
up to £6,500	0
£6,500.01 to £40,768	8
over £40,768	1

\* Standard rates are shown. These figures may alter if an employee elects to contract out.  
 \*\* Class 1A and 1B contributions are not charged in the IoM.

National Insurance Holiday Scheme:

From 6 April 2019 certain new residents and returning students will be able to apply for a refund of the Class 1 NIC's paid as employees during the first 12 months of their employment here. This scheme is to continue for a further year starting 6 April 2020 (finishing 5 April 2021)

## Company fees and duties

	£
<b>Incorporation fees</b>	
Standard - within 48 hours	100
2 hour incorporation	250
While you wait incorporation	500
<b>Annual filing fees*</b>	
Standard	380
Excepted companies and LLC's	95

\*Increased fees apply where returns are filed late.

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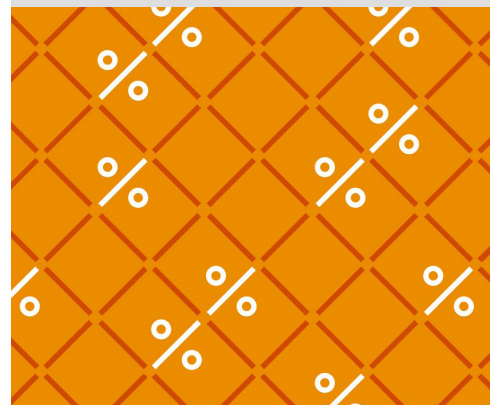
The information contained herein is only a general guideline and should not be used for determining a tax liability or planning a tax investment strategy. Specific advice pertaining to your particular circumstances should be obtained in all cases.

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# Tax matters

## Isle of Man tax guide

### 2020/2021



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## Income tax

Allowances	2020/21 (£)	2019/20 (£)
Single person	14,250	14,000
Married couple (combined)	28,500	28,000
Blind person's addition	2,900	2,900
Single parent's addition	6,400	6,400
Disabled person's addition	2,900	2,900
Co-habiting couple's addition	6,400	6,400
Aged addition	Nil	Nil
Non-resident's personal allowance	Nil	Nil

Reliefs	2020/21 (£)	2019/20 (£)
Interest paid to Manx residents lenders (maximum)*	5,000	5,000
Covenanted educational payments*	5,500	5,500
Charitable donations*	7,000	7,000
Charitable donations by a company	15,000	15,000
Nursing expenses*	12,500	12,500

\* Tax relief is restricted to 10% of the amount paid and in respect of educational deeds of covenant is restricted to payments made under covenants that have been entered into on or before 5 April 2011 and where the student is in qualifying full time education at that date.

## Rates

Individuals	Rate (%)	2020/21 (£)	2019/20 (£)
Single person*	10 20	Up to 6,500 Above 6,500	Up to 6,500 Above 6,500
Married couple*	10 20	Up to 13,000 Above 13,000	Up to 13,000 Above 13,000
Non resident	20	All	All

\* Subject to an irrevocable election being made no later than 5 April 2020, a Manx resident's tax liability will be fixed at £200,000 (or £400,000 for a married couple) for the five years commencing on 6 April 2020.

Companies	2020/21 Rate (%)	2019/20 Rate (%)
Banking business	0/10	0/10
Income from IoM land & property	20	20
Retail business*	0/10	0/10
Other	0	0

\* Retail businesses with taxable profits of over £500,000 are subject to tax at 10%, those with taxable profits below that level are subject to tax at 0%.

**There are no inheritance, wealth, gift, death, capital gains or insurance premium taxes or stamp duties in the Isle of Man.**

## Benefits in Kind

Car benefit - 2020/21	Car Rate (£)	Fuel rate (£)
Cylinder capacity		
Electric cars (regardless of capacity)	Nil	Nil
1,000 or less	800	800
1,001 - 1,200	1,100	950
1,201 - 1,800	3,600	1,500
1,801 - 2,500	5,000	1,750
2,501 - 3,500	7,000	2,000
3,501 - 5,000	10,000	2,250
More than 5,000	12,000	2,500

Note: These rates are unchanged from 2019/20.

Other Taxable benefits	Taxable amount
Accommodation	Cash equivalent
Use of an asset	20% of market value (or cost to employer if higher)
Other	Cost to employer

## Value Added Tax

- Standard rate 20%.
- Lower rates of 0% or 5% apply in certain circumstances.
- Registration threshold from 1 April 2020 £85,000 (2019 - £85,000) and will remain at £85,000 for 2 years from 1 April 2020.

**Chargeable benefits with an aggregate value of under £600 for the year are exempt from tax.**

### Exempt benefits

- Accommodation used solely for duties of employment.
- Approved Profit Sharing or Savings Related Share Options Schemes.
- Car Parking space at or near place of work.
- Medical/dental insurance.
- Christmas party expenses up to £100 per head.
- Provision of a personal computer for use at home up to benefit value of £1,000.
- Nursery or creche facility expenses necessary for employees to attend work.
- Bicycle and related safety equipment provided under a cycle to work scheme up to an annual maximum value of £1,200.

## Personal Pensions & Retirement Annuities

Flexible pension options exist via either of two common types of IoM scheme, being a Self-Invested Personal Pension (SIPP) and a new type of scheme, the Pension Freedom Scheme (PFS). A comparison of the key features of the two types of scheme is below:

	Current Schemes	Pension Freedom Schemes
Maximum annual contribution - Pre 6 April 2018 Post 5 April 2018	£300,000 £50,000	N/A £50,000
Minimum age for receiving benefits	50 or 55	55
Tax free lump sum	Up to 30%	Up to 40%
Tax treatment of payments in excess of the tax free lump sum	ITIP (with treaty relief if applicable)*	ITIP (with treaty relief if applicable)
Transfers from current IoM scheme to a PFS	10% charge withheld at source from transfers out of the PFS	10% charge withheld at source from transfers into the PFS
Amount charged on residue paid out on death	7.5% if scheme is not drawn down	Nil

\*Income restricted based on published limits.

## Capital Allowances

Rates 2020/21 and 2019/20	Rate (%)
<b>Plant &amp; Machinery</b>	
first year allowance	100
writing down allowance	25
<b>Industrial Buildings &amp; Structures</b>	
first year allowance	100
writing down allowance	4
<b>Agricultural Buildings</b>	
first year allowance	100
writing down allowance	10
<b>Tourist Premises</b>	
first year allowance	100
writing down allowance	10

For a motor car a first year allowance/writing down allowance of 25% may be claimed each year up to a maximum of £3,000 per annum.