

Tax Matters

**Isle of Man tax guide
2022/2023**



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Income tax

Allowances	2022/23 (£)	2021/22 (£)
Single person	14,500	14,250
Married couple/civil partners (combined)	29,000	28,500
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 maximum addition	6,400	6,400
Aged addition	Nil	Nil
Non-resident's personal allowance	Nil	Nil
War Pensions Mobility Supplement	2,900	Nil

Reliefs	2022/23 (£)	2021/22 (£)
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 (%)	2022/23 (£)	2021/22 (£)
Single person*	10	Up to 6,500	Up to 6,500
	20	Above 6,500	Above 6,500
Married couple/ civil partners*	10	Up to 13,000	Up to 13,000
	20	Above 13,000	Above 13,000
Non resident	20	All	All

*Subject to an irrevocable Tax Cap election being made, individuals have the option to elect for a ten year period, with the five year election also remaining available. The maximum income tax liability for an individual who has made the election is £200,000, or £400,000 for a jointly assessed couple. For any five year Tax Cap elections which commenced up to and including the 2019/20 tax years, the amount charged for each year is the value of the Tax Cap applicable in the first tax year covered by the election.

Companies	2022/23 rate (%)	2021/22 rate (%)
Banking business	0/10	0/10
Income from IoM land and 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%.

Value Added Tax

- Standard rate 20%.
- Lower rates of 0% or 5% apply in certain circumstances.
- Registration threshold from 1 April 2022 £85,000 (2021 - £85,000).

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

National Insurance Contributions*

Class 1A: Employee**	2022/23 (%)	2021/22 (%)
Earnings bracket (weekly) up to £138	Nil	Nil
£138.01 to £823	11	11
over £823	1	1

Class 1B: Employer**	2022/23 (%)
Earnings bracket (weekly) up to £123	Nil
over £123	12.8

Classes 2 and 3	2022/23 (£)	2021/22 (£)
Class 2 (self employed flat rate)		
Per week	5.40	5.40
Small earnings exception (year)	7,176	7,176
Class 3 (voluntary)		
Per week	15.85	15.40

Class 4 (self employed)	(%)
2022/23	
up to £7,176	0
£7,176.01 to £42,796	8
over £42,796	1
2021/22	
up to £7,176	0
£7,176.01 to £42,796	8
over £42,796	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.

Benefits in Kind

Car benefit - 2022/23	Car Rate (£)	Fuel rate (£)
Electric cars (not hybrid)	Nil	Nil
Cylinder capacity:		
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 2021/22.

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

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 crèche 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.

Company fees and duties

	£
Incorporation fees	
Standard - within 48 hours	100
2 hour incorporation	250
While you wait incorporation	500
Annual filing fees*	
Standard	380
Excepted companies and LLCs	95

*Increased fees apply where returns are filed late.

Personal Pensions and Retirement Annuities

Flexible pension options exist via either of two common types of IoM scheme, being a Self-Invested Personal Pension (SIPP) and the Pension Freedom Scheme (PFS).

A comparison of the key features of the two types of scheme is below:

	Self Administered Personal Pension	Pension Freedom Schemes
Maximum annual contribution	£50,000	£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 2022/23 and 2021/22	Rate (%)
Plant & Machinery	
first year allowance	100
writing down allowance	25
Industrial Buildings & Structures	
first year allowance	100
writing down allowance	4
Agricultural Buildings	
first year allowance	100
writing down allowance	10
Tourist Premises	
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.

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