For years, both individuals and companies in the Isle of Man paid income tax calculated at the same rate.

It mattered little whether income belonged to individuals or to their companies. We were all in it together!

This is no longer so. It seems that Tynwald has a new strategy for income tax.

Companies (other than banks and those in receipt of rent from property in the Isle of Man) no longer pay income tax because their so-called liabilities are calculated at the rate of 0 per cent.

Exceptionally, banking companies and companies receiving rent from property in the Isle of Man bear income tax calculated at the rate of 10 per cent.

Many individuals already own companies. They hold their businesses, property and/or investments through them. Their companies either pay no income tax or, exceptionally, they pay income tax calculated at the lesser rate of 10 per cent.
Only the little people pay taxes...

Written by Mark Solly
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Clearly, those who do not already have a company now have a good reason to acquire one.

If you can save or defer up to £1,000 of income tax for every £5,000 of your income, why wouldn’t you have a company? The greater your income, the greater is your saving.

Can it really be that our government does not need the money? Is this really what Tynwald intends? We should be told. The case should be made. Sadly, not all individuals are so favoured.

Employees and pensioners who, by definition, cannot shelter their incomes in companies will continue to pay income tax each year calculated at the rate of 20 per cent.

As Leona Helmsley, the American Queen of Mean, reputedly said ‘Only the little people pay taxes ...’!