



**HARDINGLEWISLIMITED**  
Chartered Accountants and Business Advisors

## **Isle of Man – new residents information**

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## **Isle of Man – new residents information**

### **1. Island Life**

The Island has excellent health care, high educational standards, efficient transport and communication systems, together with a buoyant economy, political stability and traditional independence. There is a relaxed and peaceful way of life in the Isle of Man with an untroubled atmosphere and friendly residents.

Whilst offering all the services and facilities of a modern European centre, the Island also boasts a fine selection of restaurants, shopping and leisure facilities. Yet away from the busy commercial centres, the Island has retained a pace of life, which is the envy of most urban dwellers.

With the tourist industry complementing other sectors of the Island's varied economy, residents enjoy amenities such as the theatre, cinemas, modern hotels, health clubs, a casino and night clubs in addition to the many public houses and top-class restaurants which belie the Island's modest population.

If you are taking up residence in the Isle of Man upon your arrival there are various aspects of Island life you will need to consider.

### **2. Benefits and Services**

New residents will find that certain public services and benefits are not immediately available to them on arrival. For example, public authority housing is restricted to those with at least ten years' residence on the Island; five years' residence is required to qualify for Income Support and six months for Family Income Supplement. If you were previously UK resident and/or entitled to a UK state pension, then these rights are normally transferred to the Isle of Man and a pension paid by the Isle of Man Department of Health and Social Security. You will also be entitled to free bus travel once aged 60.

### **3. Health Care**

New residents, who should register with a General Practitioner on arrival, are entitled to the full range of services from the date of taking up residence. Prospective new residents with special medical requirements are advised to make enquiries of the Department of Health and Social Security to ensure that appropriate facilities are available.

### **4. Driving and Vehicle Licences**

New residents must obtain an Isle of Man driving licence. Persons holding current driving licences issued in the UK, EU, Channel Islands and certain other countries can obtain an Isle of Man driving licence by presenting their existing driving licence to the Vehicle Licensing Office, Department of Transport's Licensing Office, Sea Terminal Building, Douglas.

However, persons holding driving licences other than those issued in the UK and Channel Islands may have to take a driving test and should contact the Vehicle Licensing Office to establish whether this will be necessary.

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United Kingdom and foreign registered motor vehicles must be re-registered as soon as possible after the owner takes up residence. In order to comply with this requirement, persons should attend the Vehicle Licensing Office, Department of Transport's Licensing Office, Sea Terminal Building, Douglas. It will be necessary for owners of UK registered motor vehicles to present the following documents:

- a. the existing vehicle registration document
- b. a current insurance certificate for the vehicle
- c. if the vehicle is more than 3 years old it will also be necessary to produce a vehicle testing certificate.

These certificates can be obtained by contacting the Vehicle Testing Centre, Tromode, Douglas. Telephone: +44 (0)1624 627431.

Persons wishing to re-register foreign vehicles (i.e. from outside the United Kingdom) or with commercial and other types of vehicle should contact the Vehicle Licensing Office to enquire about additional registration requirements.

For further information, please contact the Vehicle Licensing Office, Department of Transport's Licensing Office, Sea Terminal Building, Douglas, Isle of Man IM1 2RF. Tel: 01624 686836.

### **5. Work Permits**

Whilst there are no special restrictions on access to the Island (other than those under the Immigration Act which apply equally in the United Kingdom) the ability of newcomers to take up work is governed by the Control of Employment Acts which require anyone who is not an "Isle of Man worker" to have a permit before starting employment or self-employment in the Island. (There is a certain limited number of occupations for which permits are not required, e.g. doctors, dentists, ministers of religion or the police).

Qualification as an "Isle of Man worker" includes being born on the Island, resident for at least five years, married to an "Isle of Man worker", having received full-time education during residence (and having remained on the Island thereafter) or having a Manx-born parent who has spent the first five years of their life on the Island. Full details are given in the Department of Trade and Industry web site.

The work permit system is currently under review.



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### **6. Income Tax**

As soon as possible after arriving in the Isle of Man, new residents should contact the Assessor of Income Tax so that appropriate returns and any advice on income tax liability can be issued. It is necessary to complete 'Registration for Manx Income Tax' form.

Regarding qualifying for Manx residence in terms of the required number of days to be spent on the Island and other matters please be aware that this may not always be straight forward and you should seek advice on this from one of our directors.

For details of current tax rates please see the attached Appendix.

### **7. Voters List**

Forms are sent to all households annually in January and at that time your details should be entered and returned to the Treasury, Voters Section, for inclusion on the electoral roll.

For further information, please contact the Voters Section, Economic Affairs Division, The Treasury, Illiam Dhone House, 2 Circular Road, Douglas, IM1 IPQ. Telephone: +44 (0)1624 685750

### **8. Residential Property**

The construction industry has been swift to respond to the demands of a growing Island population and homes of all sizes, to suit most tastes, pockets and lifestyles, are available in a variety of locations. Potential buyers will find a comprehensive range of properties available on the Island including apartments, bungalows, traditional terraced, semi and detached houses and quaint country cottage retreats right up to large country and coastal properties. For more information on property contact an Estate Agent such as Black Grace Cowley of Victoria Street, Douglas (Telephone 645550)

### **9. Property Rates**

Upon becoming the owner or occupier of a property on the Island, new residents should contact the Rating Section of the Treasury so that its records can be updated. The rating year commences on the 1st April each year. For further information, please contact the Rating Section, Finance Division, The Treasury, Government Offices, Bucks Road, Douglas, IM 1 3PX. Telephone: +44 (0)1624 685631/2.

### **10. Public Sector Housing**

Both Central Government, through its Department of Local Government and the Environment, and several of the district local authorities, including Douglas, hold and control a sizeable stock of public sector housing. However, Government policy encourages home ownership and emphasis is placed on mortgage assistance for first-time buyer homes in the freehold market whilst continuing the construction of state-owned premises, where appropriate, currently including the provision of housing for the elderly.

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### **11. Foreign Nationals**

Immigration legislation on the Isle of Man is similar to that in the United Kingdom and applies to nearly everyone who is not a British Citizen or who does not have the right of abode in the United Kingdom, although Irish citizens and EU citizens exercising Treaty rights are exempt from many provisions.

If you are not a British citizen you should contact your nearest British Embassy, High Commission or Consulate, who will be able to establish your immigration status and advise you on the procedure you will need to adopt to enter the Island. It may be that you will need an entry clearance before you travel and if so you should apply in good time.



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## Isle of Man – new residents information

### Appendix A

#### Isle of Man Tax rates 2006/07 & UK comparison

Possibly the greatest lure to new Island residents and businesses is not the outstanding natural beauty or quality of life on the Island, but its favourable taxation status.

The Island competes in the highly competitive offshore markets and thus is required to offer attractive rates of taxation to maintain its share of the global finance industry. This income is essential to the Islands economy, independence and future prosperity. The following information provides a simple comparison of the benefits of Island residency.

	Income (£)	Tax Payable Isle of Man (£)	Tax Payable UK (£)	Tax Advantage (£)
Single	10,000	133	834	<b>701</b>
Person	20,000	1,199	3,034	<b>1,835</b>
Aged 65	50,000	6,299	11,734	<b>5,135</b>
And	100,000	15,599	31,734	<b>16,135</b>
under	250,000	42,599	91,734	<b>49,135</b>
	1,000,000	100,000	391,734	<b>291,734</b>

Each year the Treasury Minister presents to Tynwald (the Manx Government) a number of initiatives in the Manx budget. For the year 2006 the following announcements have been made:

#### Individuals:

- **Tax cap** on total amount payable per person of £100,000 or £200,000 per Married couple
- The standard rate of Income Tax for individuals remains at 10% (higher rate 18%)
- Single persons allowance increased to £8,670 and married couples allowance increased to £17,340
- Single parent allowance increased to £14,590.

Notes: The threshold for higher rate taxation is £10,500 (per annum) of Taxable Income for single persons and £21,000 of Taxable Income for married couples. This is transferable between husband and wife in certain circumstances. Single persons can earn £19,170 before paying tax at the higher rate while for married couples the figure is £38,340.

Individuals can generally obtain income tax relief on interest paid including mortgage interest providing it is payable to a Manx lender together with relief for qualifying pension contributions, life insurance premiums and more.



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**Companies:**

- **General rate of income tax for Companies of 0% introduced** for the tax year commencing 5<sup>th</sup> April 2006
- Banking income and income from land and property (development, renting/leasing and mineral extraction) received by Companies is to be taxed at 10%
- A corporate charge is to be introduced for the tax year 2006/2007 at £250 per Company for those Companies not already paying exempt Company fees or non-resident Company duty
- Special tax regimes e.g. exempt Companies will cease on 6<sup>th</sup> April 2007
- Companies with Manx shareholders that do not distribute specified minimum dividend levels will be required to pay a Distributable Profits Charge, this being a charge payable on behalf of the Manx shareholders.

**Stamp Duty:**

Homebuyers on the Island not only benefit from effectively full tax relief on Manx mortgage interest, but also do not encounter the crippling Stamp Duty levied on house disposal in the United Kingdom. Island residents instead pay a Recordal Fee of £4.00 per £1,000.

The following chart shows the comparison of fees/duty payable between the Isle of Man and the UK.

House Sale Price (£)	Recordal Fee IOM (£)	Stamp Duty UK (£)	IOM Advantage (£)
150,000	600	1,500	<b>900</b>
200,000	800	2,000	<b>1,200</b>
300,000	1,200	9,000	<b>7,800</b>
500,000	2,000	15,000	<b>13,000</b>
1,000,000	4,000	40,000	<b>36,000</b>

Other financial benefits of Manx residency include no Manx Capital Gains Tax or Inheritance Tax. For further information and advice on Taxation, please contact Andrew Gerrard at Harding Lewis Limited, Chartered Accountants, on 01624 679524.



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### Appendix B

#### Services provided



##### Accountancy and Bookkeeping

When you are starting in business or running a small or medium sized business we can support you in managing your books and accounts. We can provide bookkeeping services on either a daily, weekly, monthly or annual basis depending on your requirements. Bookkeeping services are also available to fill short-term or emergency situations and to prepare and submit your quarterly VAT returns.

Services provided as part of 'Accountancy' also include the following:

- Preparation of cash flow forecasts and budgets
- Preparation of profit forecasts
- Preparation of business plans
- Preparation of Management Accounts



##### Accountancy Software

If you are thinking of changing your accounting software or taking the first step, Harding Lewis can assist you. We can provide hands on experience with several popular software packages.

Taking into account your individual business requirements we can assist you in choosing the appropriate accounting software and help you set up the accounting software to integrate with your business.

We are an approved Sage Solutions Centre and are able to sell Sage software, and set-up datasets for clients. Further we can then offer a bookkeeping service, if required, or provide training.



##### Company Incorporation and Statutory

Harding Lewis can form your Isle of Man Resident Company and provide full company secretarial services including minutes, transfer of shares, filing of statutory changes such as change of directors, allotment of shares, change in registered office and the company's annual return.



##### "Finance Director"

Small businesses cannot generally afford to appoint a finance director to oversee the company's finances and direction. We see this as the single biggest weakness in small business. A successful business identifies its favoured direction and objectives, sets goals, monitors progress towards these goals and periodically reviews the direction and objectives. We can arrange periodic visits (e.g. monthly, quarterly, 6 monthly) to provide this high level function, as well as giving more basic financial advice. We see this area as one of our major strengths and it is where you get the most value back from us. We really do want to add value to your business, not be merely an extra cost. By the way, this role does not involve one of us being appointed as your finance director, rather it is providing advice to you that a finance director would be expected to give, and more.

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### Audit

We audit a wide range of Isle of Man companies/businesses/charities. In addition we are registered to audit UK companies.

Again this Audit function is often seen as a necessary evil required by law. This is of course true, but as noted above, we have developed a 'value-added' procedure to identify areas where we can add value to your business. This procedure is provided at no extra cost.

### Taxation

We advise on all aspects of taxation in the Isle of Man and United Kingdom including dual residence. Our client work varies from preparing very simple personal tax returns through to full-scale investigations. Typical assignments include the following:

#### Personal tax:

- Preparation of Isle of Man personal tax returns
- Preparation of personal UK self assessment returns
- Advice on tax structures and tax planning
- Advice on minimising tax obligations

#### Companies:

- Preparation of Isle of Man company tax returns and computations
- Preparation of UK corporation tax returns and computations
- Preparation of UK non resident company tax returns (e.g. for non UK companies holding UK investment property)
- Advice on tax structures and tax planning
- Advice on minimising tax obligations

### Vat services

Our resources enable us to offer VAT services for all aspects of VAT. Our engagement may be as simple as the preparation of a basic VAT Return, or involve advising clients on VAT matters and VAT planning. We also can deal with VAT registration and deregistration matters for your business and advise on different options available to your business e.g. cash accounting, flat rate scheme and Annual Accounting.

### Executor Services/Trusts

We are able to act as Executor of an Estate and/or provide advice in this area. This may involve handling the distribution of an Estate from initial death.

We can also prepare Estate Accounts and Trust Accounts.

With regard to Trusts we liaise with and advise Trustees with regard to Accounting, tax and administrative matters.



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### Outsourcing service

Many small businesses waste valuable time dealing with regulatory/administrative and bookkeeping functions when these functions could be outsourced, thus freeing up more time for you to do what you are good at i.e. running the business. As well as bookkeeping, payroll and VAT services we can also assist you with other functions such as employment matters, health and safety etc.

### Staff secondments

Your business may have a short-term staff shortage due to illness, absence or one-off workload. We are able to provide skilled personnel to meet your requirements.

### Employer solutions and payroll

We can handle all your payroll requirements including weekly and/or monthly payslips, all government requirements including new or leaving employee forms, and employer annual returns together with calculations of monthly income tax and national insurance deductions (ITIP).

Outsourcing all or part of your payroll function to us is a further way you can free up more time to run your business. We make use of payroll software to minimise our time and therefore cost.

### Liquidations and dissolutions

When the business purposes of your company have come to an end, Harding Lewis can assist you in closure of your company by either a voluntary liquidation or dissolution.

We are also able to assist with insolvency.

### Other services

We provide services in the following other areas:

- Fraud investigations
- Corporate finance
- Management consultancy