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**Isle of Man – Much the Same for Individuals in 2013/2014 Budget**

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## flash International Executive Alert

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The 2013/2014 Budget for the Isle of Man was presented to Tynwald (parliament) by the Treasury Minister Eddie Teare MHK on February 19, 2013.<sup>1</sup>

There were no significant changes impacting the taxation (income tax, National Insurance contributions) of individuals. We highlight the Budget measures below. (All figures are expressed in Manx pound, which is in parity with the pound sterling.)

- The income tax lower rate for individuals remains at 10 percent.
- The income tax higher rate for individuals remains at 20 percent. The threshold at which the higher rate for individuals becomes payable remains at £10,500.
- Income tax personal allowances unchanged at £9,300 for single persons and £18,600 for jointly assessed couples.
- Additional Personal Allowance for over 65's remains at £2,020.
- Personal Allowance Credit remains at £500 per person.
- Due to the success of the National Insurance Tax Holiday scheme, it will now remain in force until April 5, 2015, and will apply for two years to all qualifying employees. The scheme reduces an employer's National Insurance liability to nil in respect of salary paid to newly recruited qualifying employees.

See the table for National Insurance rates and thresholds below and on the following page.

### National Insurance Rates and Thresholds

Item (per week unless stated otherwise)	2012/13	2013/14
Lower Earnings Limit, Class 1 (LEL)	£107	£109
Upper Accrual Point (UAP)	n/a	£770
Upper Earnings Limit, Class 1 (UEL)	£770	£784
Primary Threshold	£118	£120
Secondary Threshold	£115	£117
Prescribed annual equivalent of primary threshold	£6,136	£6,240
Prescribed annual equivalent of secondary threshold	£5,980	£6,084

### National Insurance Rates and Thresholds (*cont'd*)

Item (per week unless stated otherwise)	2012/13	2013/14
Class 1 employees' primary rate of NI (between primary threshold and UEL)	11%	11%
Class 1 employees' additional rate of NI (above the UEL)	1%	1%
Class 1 employers' rate of NI (on all earnings above secondary threshold)	12.8%	12.8%
Employee's contracted-out rebate (COSR schemes only)	1.6%	1.6%
Employer's contracted-out rebate, salary related scheme (COSR)	3.7%	3.7%
Class 2 rate self-employed	£2.65	£2.70
Class 2 small earnings exception level (annual)	£5,595	£5,725
Class 2 rate for volunteer development workers	£5.35	£5.45
Class 2 for share fishermen	£3.30	£3.35
Class 3 voluntary contributions	£13.25	£13.55
Class 4 lower profits limit (annual)	£6,136	£6,136
Class 4 upper profits limit (annual)	£40,040	£40,768
Class 4 rate between the lower and upper limits	8%	8%
Class 4 rate above the upper limit	1%	1%

Source: <http://www.gov.im/treasury/incometax/sections/employers/ratesandallowances.xml>

#### Footnote:

1 For the budget speech and related documentation, see:  
<http://www.gov.im/treasury/budget/>.

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M£1 = \$1.49

M£1 = €1.144

M£1 = GB£1

The information contained in this newsletter was submitted by the KPMG International member firm in the Isle of Man. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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