

GMS Flash Alert



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Isle of Man – COVID-19: Tax Return Relief, Guidance on Work from Home Expenses

In response to the COVID-19 pandemic and the challenges Isle of Man taxpayers may be facing, the Isle of Man Treasury has provided some relief in respect of tax filing deadlines and how working-at-home expenses are treated for tax purposes.

WHY THIS MATTERS

The extension to the tax return submission deadlines and the relief for expenses incurred while working from home should be welcome news.

These measures should offer individual taxpayers opportunities to preserve their cash-flow and provide additional time to organise their tax and financial affairs and meet their compliance obligations in this difficult period.

Tax Return Submissions

The Treasury issued a [notice](#) on 31 March 2020, announcing that individual taxpayers will not face a late filing penalty in respect of their outstanding tax returns for the 2018/19 tax year if they are submitted by 5 June 2020. Normally, if an individual failed to submit his or her tax return for the year ended 5 April 2019 by 6 April 2020, a penalty of £200 would be issued.

In addition, the deadline for employers to submit their annual returns has been extended from 5 May 2020 to 5 June 2020.

In a subsequent [announcement](#), the Treasury advised that the deadline for the submission of personal tax returns for the 2019/20 tax year has been extended from 6 October 2020 to 6 November 2020, whether the tax return is submitted online or on paper.

Expenses When Working from Home

Many offices are closed due to the COVID-19 pandemic and as a result, more employees are working from home. On 30 April, the Treasury issued [Practice Note No. 213/20](#), which covers the tax treatment of household expenses incurred by employees working from home and reimbursed by the employer.

Employers can now reimburse their employees for household expenses incurred while working from home up to an amount of £8 per week or £35 per month without the reimbursement resulting in a tax liability for the employee.

If a reimbursement payment exceeds such amounts, it will be treated as “remuneration” and subject to withholding tax under the Income Tax Instalment Payments (ITIP) scheme.

This policy entered into force on 30 April 2020 and applies retrospectively from 2 March 2020.

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