KPMG

Taxation of international executives: Isle of Man

March 2026

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01

Overview and Introduction

1 Overview and Introduction

Individuals resident in the Isle of Man are subject to income tax on their worldwide income. Non-residents are taxable on income from Manx sources only.

The Isle of Man does not tax capital gains nor does it have any form of gifts or annual wealth tax. There is no inheritance tax or estate duty but there is a small probate levy.

Following a couple's marriage or commencement of residence after 6 April 2006, couples are assessed independently for Manx tax purposes unless they elect for joint taxation. Where couples are independently assessed, each spouse will file their own tax return and will be responsible for paying their own tax liability. If a married couple elects for joint taxation, assessments will be made on a married couple as a single entity. In this case, both husband and wife are responsible for filing a tax return detailing their joint income and are liable jointly and severally for any outstanding tax liability.

Taxable income (after deduction of personal allowances and available reliefs) is taxed at graduated rates of 10 percent and 21 percent , with the exception of non-resident individuals whose income is charged to income tax at a flat rate of 21 percent , subject to certain excepted income.

Social security contributions are payable by both employers and employees and are calculated as a percentage of the employee's wage.

The official currency of the Isle of Man is the British Pound Sterling (GBP).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

The return should be filed by 6 October following the end of the tax year.

What is the tax year-end?

The tax year runs from 6 April to the following 5 April. Returns are issued to taxpayers by the local authorities on 6 April following the end of the tax year.

What are the compliance requirements for tax returns in Isle of Man?

Residents

Income tax is payable on 6 January in the year following the year of assessment, or 30 days after the issue of an assessment, if later. A payment on account for the following tax year is also due on 6 January representing 105%of the previous year's liability not dealt with by deduction at source. Penalties can be imposed for failure to file a tax return by the due date and other tax misdemeanours. Interest is charged on late payment of tax.

Isle of Man residents are entitled to a tax-free personal allowance. For 2026/27 single persons are entitled to a personal allowance of GBP17,000 and married couples, who elect for joint assessment, are entitled to a combined allowance of GBP34,000. Individuals with total income in excess of GBP100,000 per tax year (GBP200,000 for a jointly assessed couple) will have their personal allowance reduced by GBP1 for every GBP2 their total income exceeds this threshold.

An individual (or couple) becoming or ceasing to be resident in the Isle of Man is entitled to claim the same allowances as any other Manx resident. However, the allowance will be apportioned according to the date residency commenced/ ceased.

Non-resident

Income tax is payable in line with that of resident individuals. A non-resident individual’s taxable income is charged to income tax only at the higher rate. However, for certain types of income arising from the Isle of Man, a non-resident will have their liability capped at the amount of income tax, if any, deducted at source. A non-resident is not entitled to a personal allowance. Non-resident married couples are not entitled to opt for joint taxation.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Isle of Man?

Residents

Income tax table for 2025/2026

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From GBP	To GBP	GBP	Percent
0	14,750	0	0
14,751	21,250	0	10
21,251	Over	650	21

All income is assessed in the tax year in which it arises.
There are two rates of income tax for resident individuals in the Isle of Man as follows:

Taxable income bracket	Total tax on income below bracket	Tax rate on income in bracket
Standard rate	Up to GBP6,500 of taxable income	10%
Higher rate	Above GBP6,500 of taxable income	21%

Spouses each receive a personal allowance of GBP14,750 and the GBP6,500 band, which is fully transferable between them under joint assessment. A Manx resident may enter into an irrevocable 5 year or 10 year election to have their annual tax liability capped. For elections commencing from 6 April 2025, the maximum liability for an individual will be GBP220,000 and GBP440,000 for a married couple.

Individuals with total income in excess of GBP100,000 per tax year (GBP200,000 for a jointly assessed couple) will have their personal allowance reduced by GBP1 for every GBP2 their total income exceeds this threshold.

Non-residents

There is only one rate of income tax for non-resident individuals in the Isle of Man of 21%.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Isle of Man?

There is no general definition of residence. Individuals with a view or intention to establish residence will be treated as tax resident on the date of their arrival on the Isle of Man.

However, there are some rules that determine tax residence by physical presence in the Isle of Man. These rules usually apply where a person claims to be non-resident, despite regularly being in the Isle of Man.

Generally, an individual will be regarded as resident and taxable in the Isle of Man if at least one of the following criteria is met:

- they are physically present in the Isle of Man for more than 6 months in the tax year
- they are present in the Isle of Man for an average of more than 90 days in each tax year over a period of at least 4 tax years

On becoming Isle of Man tax resident, the individual should complete Form R25 (Registration for Manx Income Tax) and submit it to the Income Tax Division.

Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country/jurisdiction before their assignment begins?

The assignee is likely to commence residence in the Isle of Man on the date of their arrival and as such be liable to Manx tax with effect from this date.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Isle of Man?

An individual will be required to complete a tax return for the period ending on the date of their departure from the Isle of Man. The return must be filed within 6 months of the date of departure. A Cessation of Residence Form should also be submitted to the Income Tax Division.

What if the assignee comes back for a trip after residency has terminated?

The assignee should consider the number of days they have spent on the Isle of Man on return and ensure that they do not fall foul of the aforementioned 6 month or 90 day rules.

Communication between immigration and taxation authorities

Do the immigration authorities in Isle of Man provide information to the local taxation authorities regarding when a person enters or leaves Isle of Man?

Yes.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

An individual will be required to complete a tax return for the period ending on the date of their departure from the Isle of Man. The return must be filed within 6 months of the date of departure. If they continue to be in receipt of Isle of Man source income after their departure, they may be required to file non-resident tax returns, depending on the source of the income.

2.5 Economic employer approach

Do the taxation authorities in Isle of Man adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Isle of Man considering the adoption of this interpretation of economic employer in the future?

Where a double tax agreement is in place, the Income Tax Division will adopt the OECD economic employer approach.

The Isle of Man has a limited number of double tax agreements.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

No.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

All income and benefits derived from an office or employment are generally taxable. Advice should be sought in connection with any form of share awards, share options, and so on.

Intra-group statutory directors

Will a non-resident of Isle of Man who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Isle of Man trigger a personal tax liability in Isle of Man, even though no separate director's fee/remuneration is paid for their duties as a board member?

The non-resident director's Isle of Man tax liability in relation to remuneration from director duties will depend on:

- whether they are remunerated by an Isle of Man resident company;
- the nature of the duties they are performing; and
- where they perform their director's duties.

a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Isle of Man?

Where the non-resident director's fees are paid by an Isle of Man resident company, they will not be subject to Manx income tax deductions provided that the director's duties are performed wholly outside the Isle of Man or, to the extent that they are performed in the Isle of Man, they are limited to the carrying out of statutory functions. Otherwise, all payments will be subject to Manx income tax.

b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Isle of Man (i.e., as a general management fee where the duties rendered as a board member is included)?

No.

In the case that a tax liability is triggered, how will the taxable income be determined?

Non-residents are subject to Manx income tax at a flat rate of 21 percent.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Isle of Man? If so, please provide a general definition of these areas.

The following are generally exempt from tax.

- The first GBP600 of general benefits in kind.
- Certain accommodations, services, and/or supplies.
- The first GBP30,000 of an ex-gratia payment.
- Personal computers and other equipment.
- Qualifying relocation expenses of up to £20,000.
- Other benefits.

Accommodation, services, and/or supplies

Accommodation, services, and/or supplies used by an employee solely for their duties are tax exempt.

The first GBP30,000 of a genuine termination payment

The first GBP30,000 of a genuine termination payment in respect of a loss of office or employment is tax exempt.

Personal computers and other equipment

Personal computers and associated equipment to a cash value of GBP1,000 are tax exempt.

Relocation expenses

Reasonable relocation expenses provided that they do not exceed GBP20,000 in total and arose as a direct result of a person moving to the Isle of Man to take up employment are tax exempt.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Isle of Man?

The key employee initiative enables approved key employees moving to Isle of Man to facilitate the process of starting up a new business or the diversification or expansion of an existing one, to be taxed only on their Manx-source income for the first 3 years of residence.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Isle of Man? If so, how?

Yes, residents are taxed on worldwide income. Residents are obliged to disclose their worldwide income on their Manx Tax Returns.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Isle of Man? If so, how?

Resident individuals are taxable on worldwide income including investment income. Capital gains are not subject to tax in the Isle of Man.

Gains from stock option exercises

Residency Status	Taxable at:		
	Grant	Vest	Exercise
Resident	Y	N	N
Non-resident	Y	N	N
Other (if applicable)	N/A	N/A	N/A

Note 1: Stock options are taxable, if at all, on grant. However, in certain circumstances it is possible to defer any tax charge until exercise.

Note 2: A non-resident individual is only taxable on grant if employment duties are carried out in the Isle of Man.

Foreign exchange gains and losses

Capital gains are not subject to tax in the Isle of Man.

Principal residence gains and losses

Capital gains are not subject to tax in the Isle of Man.

Capital losses

Capital gains are not subject to tax in the Isle of Man.

Personal use items

Capital gains are not subject to tax in the Isle of Man.

Gifts

Gifts, whether creating a capital gains or otherwise, are not subject to tax in the Isle of Man.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Isle of Man? If so, please discuss?

Not applicable.

Are there capital gains tax exceptions in Isle of Man? If so, please discuss?

Not applicable.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Not applicable.

2.12 General deductions from income

What are the general deductions from income allowed in Isle of Man?

- Trade losses: an individual carrying on a trade or profession and who incurs a trading loss may set that trading loss against other taxable income arising in the same year of assessment.
- A deduction is allowed for expenses incurred wholly, exclusively and necessarily for the purposes of employment, such as business travel expenses and professional subscriptions.
- Loan interest paid to an Isle of Man lender up to a maximum of GBP5,000 per individual (GBP10,000 per jointly assessed married couple). Given by way of a tax credit and restricted to 10 percent of the eligible deduction.
- Certain charitable donations up to a maximum of GBP7,000 per individual (GBP14,000 per jointly assessed married couple). Given by way of a tax credit and restricted to 10 percent of the eligible deduction.
- Contributions to personal pension plans, up to the lower of GBP50,000 and relevant earnings.
  - For low or non-earners, the Income Tax Division allows payment of contributions into approved pension schemes up to GBP3,600 per annum.
- Contributions to approved occupational pension schemes up to 100 percent of relevant earnings in the year (restricted to GBP50,000).
- Private medical insurance premiums paid for a resident who is aged 60 years or more when payment was made, up to a maximum of GBP1,800 per year. Given by way of a tax credit and restricted to 10 percent of the eligible deduction.

- Educational deeds of covenant subject to certain conditions and which were entered into on or before 5 April 2011.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Isle of Man?

There is no general approach.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Isle of Man? For example, Pay-As-You- Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

All remuneration in the Isle of Man is subject to the Income Tax Instalment Payments (ITIP) system. Remuneration includes wages, salaries, fees, Manx pensions, bonuses, expenses with no dispensation in place, and termination payments (subject to a GBP30,000 exemption in certain circumstances).

ITIP is operated by and is the responsibility of the relevant employer. It is calculated with reference to an individual's notice of coding or if a notice of coding is unavailable, an emergency code may be used. The employee's tax code should reflect their personal circumstances.

When are estimates/prepayments/withholding of tax due in the Isle of Man? For example: monthly, annually, both, and so on.

The employer will deduct ITIP from the employee's salary, etc, where applicable, on each pay day (whether this is weekly, monthly, or annually).

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Isle of Man? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

The Isle of Man has "full" double taxation treaties with the United Kingdom, Estonia, Bahrain, Guernsey, Jersey, Luxembourg, Qatar, the Seychelles, Singapore and Malta.

Assignees from Denmark, Australia, Poland, the Faroe Islands, Finland, Greenland, Slovenia, Iceland, Ireland, New Zealand, Norway and Sweden may benefit from agreements for the avoidance of double taxation on individuals.

Where income is not covered under the terms of the double taxation treaty, double taxation relief (a form of unilateral relief) is available which gives rise to tax relief equal to the lower of the Manx tax suffered or foreign tax suffered on the same source of income.

2.16 General tax credits

What are the general tax credits that may be claimed in Isle of Man? Please list below.

None

2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in the Isle of Man with two children whose 3-year assignment begins 1 January 2024 and ends 31 December 2026. The taxpayer's base salary is US dollars 100,000 (USD) and the calculation covers 3 years.

	2024	2025	2026
	USD	USD	USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = GBP0.76.

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year. Interest income is not remitted to the Isle of Man.
- The company car is used for business and private purposes and originally cost USD37,313 (GBP25,000). The CO2 emission figure is 133. All fuel is paid for by employer. With effect from 6 April 2024 the cash equivalent for car and fuel benefits provided by employers is calculated in accordance with the Income Tax (Benefits in Kind) (Car and Fuel) Order 2024.
- The employee is deemed resident throughout the assignment.
- The employee is jointly assessed with their spouse, who has no income.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income

Year ended	2023/24	2024/25	2025/26	2026/26
	GBP	GBP	GBP	GBP
Months in the Isle of Man during year	3	12	12	9
Earned income subject to income tax				
Salary	19,003	76,011	76,011	57,008
Bonus	3,801	15,202	15,202	11,402
Cost-of-living allowance	1,900	7,601	7,601	5,701
Net housing allowance	2,010	8,040	8,040	6,030
Company car	1,140	4,561	4,561	3,420
Moving expense reimbursement	3,801	15,202	15,202	11,402
Home leave	0	0	0	0
Education allowance	570	2,280	2,280	1,710
Total earned income	32,224	128,897	128,897	96,673
Other income	1,140	4,561	4,561	3,420
Total income	33,365	133,458	133,458	100,094
Deductions	7,250	29,000	29,000	22,125
Total taxable income	26,115	104,458	104,458	77,969

Calculation of tax liability

	2023/24	2024/25	2025/26	2026/27
	GBP	GBP	GBP	GBP
Taxable income as above	26,115	104,458	104,458	77,969
Manx tax thereon	3,923	21,421	20,506	14,943
Less:				
Domestic tax rebates (dependent spouse rebate)				
Foreign tax credits	0	0	0	0
Total Manx tax	0	0	0	0
Total Manx tax translated to USD	5,161	28,181	26,978	19,660

Further assumptions

- The tax calculations have been computed for the years ended 5 April 2024, 5 April 2025, 5 April 2026 and 5 April 2027.
- The tax allowances, rates and bands are correct for all of the tax years concerned.
- The company car has a cylinder capacity of between 1801cc and 2500cc.
- The taxpayer's spouse has no income and they elect for joint assessment.

FOOTNOTE

[1] Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or, a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied and the employee would be subject to tax in the host country/jurisdiction.

[2] For example, an employee can be physically present in the country/jurisdiction for up to 60 days before the tax authorities will apply the 'economic employer' approach.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

A short-term assignee may avoid becoming resident in the Isle of Man, depending upon the duration of their assignment.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No.

3.3 Taxable income

What income will be taxed during short-term assignments?

If the assignee is treated as resident in the Isle of Man, they will be taxable on their worldwide income. If non-resident, however, they will be taxed on Manx-source income only.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in the Isle of Man?

Assignees from the United Kingdom, Estonia, Guernsey, Jersey, Luxembourg, Qatar, the Seychelles, Singapore, Bahrain and Malta may be protected under double-taxation treaties.

Assignees from Australia, Denmark, Poland, Faroe Islands, Finland, Greenland, Iceland, Ireland, New Zealand, Norway, Slovenia and Sweden may benefit from agreements for the avoidance of double taxation on individuals.

Assignees from other countries/jurisdictions will not have any treaty protection.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in Isle of Man? If so, what are the rates for employers and employees?

Yes, National Insurance Contributions.

Employer and employee

GBP	Paid by employer	Paid by employee	Total
Up to GBP176/week	0.0%	0.0%	0.0%
GBP 176.01 – 1,082/ week	12.8%	11%	23.8%
Over GBP1,082/week	12.8%	1.0%	13.8%

Social security contributions are payable by both employers and employees and are calculated as a percentage of the employee's wages. The system and rates are, apart from a few minor differences, largely the same as the U.K. social security rates and they are not deductible for income tax purposes. The contribution year follows the 6 April to 5 April income tax year.

The Isle of Man has a reciprocal arrangement with the United Kingdom in respect of social security contributions. In addition, a foreign national employed by an employer based outside the United Kingdom/Isle of Man and sent to work in the Isle of Man does not have to pay Isle of Man social security contributions if a reciprocal agreement applies between the United Kingdom/Isle of Man and the foreign country/jurisdiction. This liability will only be deferred for the period of time stated in the agreement in question.

The National Insurance Holiday Scheme for certain new residents allows for a one-off refund of Class 1 National Insurance deducted during an individual's first year of residence, up to a maximum of £4,400 in respect of applications received from April 2024.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Isle of Man?

No.

4.3 Real estate tax

Are there real estate taxes in Isle of Man?

No.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Isle of Man?

The Isle of Man is effectively part of the United Kingdom for VAT purposes and thus mirrors the U.K. legislation. The rates in force are the same as those applicable in the United Kingdom that is exempt, 0 percent rate, and standard rate of, 20 percent, and a reduced rate of 5 percent.

Other indirect taxes include airport duty.

4.5 Unemployment tax

Are there unemployment taxes in Isle of Man?

None.

4.6 Other taxes

Are there additional taxes in Isle of Man that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

No.

4.7 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

No. However, income arising from such assets does need to be reported on the Manx income tax return if the individual is Isle of Man tax resident.

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