



**Isle of Man**

*Ellan Vannin*

**AT 17 of 2020**

# **INCOME TAX ACT 2020**



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## INCOME TAX ACT 2020

*Signed in Tynwald:* 15 December 2020  
*Received Royal Assent:* 15 December 2020  
*Announced to Tynwald:* 15 December 2020

**AN ACT** to confirm certain temporary taxation orders and to amend the Income Tax Act 1970 so as to enable regulations to be made which provide for debts relating to any relevant foreign tax pursuant to arrangements having effect by virtue of section 104E.

**BE IT ENACTED** by the Queen's Most Excellent Majesty, by and with the advice and consent of the Council and Keys in Tynwald assembled, and by the authority of the same, as follows:—

### 1 Short title

The short title of this Act is the Income Tax Act 2020.

### 2 Temporary Taxation Orders confirmed

- (1) The following are confirmed (and in accordance with section 115A of the *Income Tax Act 1970* continue as permanent orders) —
- (a) the Income Tax (Substance Requirements) Order 2018<sup>1</sup> (“the Substance Order”);
  - (b) the Income Tax (Periodical Payments) (Temporary Taxation Order) Order 2019<sup>2</sup>;
  - (c) the Income Tax (Tax Cap) (Temporary Taxation) Order 2020<sup>3</sup>;
  - (d) the Income Tax (Key Employee) (Temporary Taxation) Order 2020<sup>4</sup>;
- and

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<sup>1</sup> SD 2018/0263

<sup>2</sup> SD 2019/0026

<sup>3</sup> SD 2020/0026

<sup>4</sup> SD 2020/0027

- (e) the Income Tax (Disclosure of Information) (Temporary Taxation) Order 2020<sup>5</sup>.
- (2) For clarity, the Substance Order has effect, at all times after the coming into operation of the Income Tax (Substance Requirements) (Amendment) Order 2019<sup>6</sup>, subject to the amendments contained in that Order.

### 3 Income Tax Act 1970 amended

- (1) The *Income Tax Act 1970* is amended as follows.
- (2) After section 104E (effect of international arrangement), insert —

#### **104EA Arrangements under section 104E: recovery of debts**

P2006/25/175 and drafting


- (1) The Treasury may by regulations make provision for the recovery of debts relating to any relevant foreign tax. However, this power is contingent on the following prerequisites —
- (a) the intended scope of the recovery must be limited to the Island; and
- (b) the relevant foreign tax to which the debts relate must be the subject of arrangements that —
- (i) have effect by virtue of section 104E; and
- (ii) contain an assistance in collection provision.

Tynwald procedure — approval required.

- (2) In this section —
- “**assistance in collection provision**” means a written provision requiring the territories that are parties to the arrangements in question to lend assistance to each other in the collection of tax debts;
- “**relevant foreign tax**” means any tax or duty —
- (a) imposed under the law of a territory in relation to which such arrangements have been made; and
- (b) covered by the arrangements.
- (3) Regulations under this section may make provision for the taking of action to recover debts relating to any relevant foreign tax by way of legal proceedings, distress, diligence or otherwise.
- (4) Such provision may in particular be made by applying, with any appropriate modifications, any enactment or rule of law that applies in relation to the recovery of any tax or duty imposed under

<sup>5</sup> SD 2020/0238

<sup>6</sup> SD 2019/0271

the domestic law of the Island (including any enactment relating to penalties or interest on unpaid amounts). .

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