



**HOUSE OF KEYS**  
**Y Chiare as Feed**  
**ORDER PAPER**  
**Claare Obbyr**

**Douglas**  
**Tuesday 2<sup>nd</sup> March 2004**  
**10.00 am**

**1. QUESTIONS FOR ORAL ANSWER**

- 1. The Hon Member for Ayre (Mr Quine) to ask a Member for Local Government and the Environment -**
  - (1) How many general notices under section 13 of the Local Government Act 1985 were -**
    - (a) filed with the clerks of local authorities as at the 1<sup>st</sup> February 2004;**
    - (b) filed with the clerks of local authorities since June 2002; and**
  - (2) in respect of 1(a) and 1(b), to which local authorities do any general notices filed relate?**
  
- 2. The Hon Member for Ayre (Mr Quine) to ask a Member for Local Government and the Environment -**
  - (1) How many disclosures under section 11 of the Local Government Act 1985 have been made by members of local authorities since June 2002; and**
  - (2) if any such disclosures have been made, to which local authority(ies) do they relate?**

3. **The Hon Member for Ayre (Mr Quine) to ask the Minister for Tourism and Leisure -**

**Given your stated inability to implement the Tynwald Resolution of December 2003, requesting the introduction of a scheme of financial assistance for voluntary bodies involved in the development of sport and recreation, will your Department act as a facilitator in locating funds elsewhere?**

4. **The Hon Member for Michel (Mr Cannan) to ask a Member for Health and Social Security -**

(1) **Can you confirm that there are presently 1,400 persons waiting to register on the NHS Dental Services list;**

(2) **how many persons are already registered;**

(3) **can you confirm that persons now wishing to register are being refused; and**

(4) **what action is your Department taking to resolve this problem?**

## **2. QUESTIONS FOR WRITTEN ANSWER**

1. **The Hon Member for Onchan (Mr Karran) to ask the Minister for the Treasury -**

**With reference to the MEA Bond - can you explain why the whole £185M was paid to the MEA on receipt of the bond monies, rather than the more conventional approach of releasing the funds to the MEA when needed?**

2. **The Hon Member for Onchan (Mr Karran) to ask the Minister for the Treasury -**

**With reference to the MEA Annual Account to March 2003 - the accounts (note 1) state that the financial statements are prepared in accordance with the accounting standards in the United Kingdom "... with the exception of the treatment of the deferred expenditure as stated below" could you please confirm that this is the reason that the auditors have been unable to endorse the accounts as giving a "true and fair" view of the state of the MEA and that had the MEA been in the United Kingdom the accounts, as presented, would have been qualified?**

3. The Hon Member for Onchan (Mr Karran) to ask the Minister for the Treasury -

With reference to the MEA Annual Account to March 2003 - the profit and loss account shows interest received from surplus funds resulting from the MEA Bond whilst interest to be paid on the Bond has been deferred until after the MEA restructuring - could you please ask the MEA's Auditors, KPMG, to confirm that this is an appropriate method of accounting for the MEA to adopt?

4. The Hon Member for Onchan (Mr Karran) to ask the Minister for the Treasury -

With reference to the Water Authority - could you please advise how the accounting practices of the MEA compare with those adopted by the Water Authority and why they differ?

5. The Hon Member for Ayre (Mr Quine) to ask a Member for Local Government and the Environment -

Will you liaise with HM Attorney General and make a statement on -

- (a) the impact of sections 11, 12, 13 and 14 of the Local Government Act 1985 in respect of the disability of members of local authorities for voting on account of pecuniary interest;
- (b) in regard to (a) whether or not the provisions are confined to "contract, proposed contract or other matter" within the gift of the local authority, or do they extend to matters within the gift of another party the outcome of which the local authority is seeking to influence; and
- (c) the adequacy of the existing Isle of Man legislation having regard to United Kingdom legislation and case law?

6. The Hon Member for Douglas North (Mr Houghton) to ask the Minister for Home Affairs -

- (1) How many resignations have been received from members of the Isle of Man Constabulary during each year to date since 1999;
- (2) were exit interviews taken; and, if so
- (3) what were the various reasons given?

**3. BILL FOR SECOND READING**

**1. The European Union (Accessions) Bill**

**Mr Corkill**

**4. BILL FOR CONSIDERATION OF CLAUSES**

**1. Income Tax (Amendment) Bill**

**Mr Bell**

*Tabled Amendments*

*Clause 4 (Mr Earnshaw)*

*Clause 8 (Mr Earnshaw)*

*Clause 12 (Mr Earnshaw)*

*(After Clause 14)*

*New Clause [A] (Mr Karran)*

*New Clause [B] (Mr Karran)*

*New Clause [C] (Mr Karran)*

*New Clause [D] (Mr Karran)*

*New Clause [E] (Mr Karran)*

*New Clause [F] (Mr Karran)*

*New Clause [G] (Mr Karran)*

*Clause 15 (Mr Earnshaw)*

*The House may be asked to suspend Standing Orders to take further stages of the above Bills.*

*Unless the House otherwise determines, the above business will be considered in the order shown.*

**Malachy Cornwell-Kelly**  
**Secretary of the House**

## **INCOME TAX (AMENDMENT) BILL 2004**

### **Amendments to be moved by Mr Earnshaw**

#### **CLAUSE 4**

Page 6, lines 3, 4 and 5: omit the words from “but does not” to the end of the subsection.

#### **CLAUSE 8**

Page 10, line 15: for “September” substitute “October”.

Page 10, line 17: for “5 months” substitute “6 months”.

Page 10, lines 23 and 24: for “5 months” substitute “6 months”.

#### **CLAUSE 12**

Page 14, line 2: for “income shall be determined by the formula -”  
substitute “income shall be determined either -  
(a) by the formula -”.

Page 14, line 9: for “35(3)(a).”  
substitute “35(3)(a); or  
(b) £2,000,  
whichever is the greater.”

### **New Clauses to be moved by Mr Karran**

#### **[A]**

##### **Tax credit.**

- (1) In the Income Tax Act 2003 –
  - (a) after section 2(2) insert –  
“(2A) Notwithstanding subsection (1), an individual is not qualified to claim credit under this Part if the that individual’s capital exceeds £25,000.”;
  - (b) in section 3, at the end add –  
“(2) Notwithstanding subsection (1), a married couple are not qualified to claim credit under this Part if the combined capital of the couple exceeds £50,000.”,  
and re-number existing clause as subsection (1);

- (c) in section 5, for “£6,000”, “£200”, “£8,000”, “£10”, “10” and “D = 10” substitute “£8,000”, “£500”, “£10,000”, “£4” and “D = 4” respectively;
- (d) in section 6, for “£12,000”, “£400”, “£12,000”, “£16,000”, “£10” and “D = 10” substitute “£16,000”, “£1,000”, “£16,000”, “£20,000”, “£4”, and “D = 4” respectively;
- (e) in section 7(2), for “£200” and “£400” substitute “£500” and “£1,000” respectively;
- (f) in section 14(2), at the end add –
  - “(f) for the calculation of a person’s capital for the purposes of sections 2(2A) and 3(2), and for those purposes the regulations may specify the assets that may or may not be taken into account in the calculation;
  - (g) for amending the amounts specified in sections 2 and 3.

(4) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

[B]

**Relief in respect of certain child care payments.**

After section 37 of the 1970 Act insert –

**“Relief in respect of certain child care payments.**

37A. (1) If a claimant proves that

- (a) a child of his is received to be looked after at premises, or by a person, registered under section 1 of the Nurseries and Child-Minders Regulation Act 1974 [c.12]; and
- (b) the claimant pays, wholly or partly at his own expense, a fee which is charged in respect of that service,

the claimant shall be allowed a deduction from his total income of an amount equal to the cost to the claimant of such fee but such deduction shall not in any case exceed £1,500 or such greater sum as the Treasury may by order prescribe.

(2) In subsection (1), the reference to a child of the claimant means-

- (a) a child who is a marital child of the claimant;
- (b) a stepchild of the claimant; and
- (c) a child who is wholly maintained by the claimant at the claimant's own expense.

(3) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.

(4) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

[C]

**Relief in respect of fees for tertiary education.**

After section 37B of the 1970 Act insert –

**“Relief in respect of fees for tertiary education.**

**37C.** (1) If a claimant proves that he is of or over the age of 18 years and has been in receipt of instruction at or from an educational establishment, the claimant shall be allowed a deduction from his total income of an amount equal to the cost to the claimant of fees charged by such educational establishment in respect of the course of instruction.

(2) In this section -

“educational establishment” means any university, college, school or other educational establishment;

“course of instruction” means any course (whether full-time, part-time or by distance learning) leading to a degree, certificate of higher education, diploma of higher education or other award and includes training for any trade, profession or vocation.

(3) The amount of tax relief available under this section shall be reduced by the amount of any grant paid by any public authority in respect of the fee for the relevant course.

(4) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

[D]

**Rental income.**

After section 1A of the 1970 Act insert –

**“Rental income.**

**1B.** (1) Income arising or accruing from the annual profits of or in respect of any dwelling in the Isle of Man shall be charged at double the higher rate on every pound of taxable income so arising or accruing.

(2) In subsection (1), “the higher rate” has the meaning given in section 1(2A).

(3) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

[E]

**Development income.**

After section 1B of the 1970 Act insert –

**“Development income.**

**1C.** (1) The owner of land shall be charged income tax on the notional value of any dwelling that is built or to be built on land owned by him.

(2) The tax shall be charged from the commencement of building works until the date on which the dwelling is sold to an arm’s length purchaser for value.

(3) In this section –  
“built” includes works of conversion;  
“commencement of building works” means the date on which the laying of foundations was commenced or the first works of conversion were commenced;  
“dwelling” means a building or part of a building intended for human habitation;  
“notional value” means the gross rental that a willing tenant might be expected to pay in respect of the dwelling when completed.

(4) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

[F]

**Bonus issues, etc.**

(1) In the Income Tax Act 1970 after section 2P insert –

**“Bonus share issues, etc.**

2Q. (1) This section applies in respect of the issue of any shares in a body corporate if –

- (a) there is no consideration given by the person to whom the shares are issued, or the consideration (if any) is less than the cash equivalent of the shares; and
- (b) the issue is funded out of the profits of the company.

(2) Such an issue of shares shall be treated as income accruing to the person to whom the shares are issued and accordingly chargeable to income tax in respect of an amount equal to whatever is the cash equivalent of the shares.

(3) The cash equivalent of a share is either –

- (a) calculated by reference to the value of the body corporate shown in the last annual accounts of the body; or
- (b) the amount that a willing purchaser would pay for such share in an arm’s length transaction,

whichever is the greater.

(4) This section does not derogate from any other provision of the Income Tax Acts that provides for the taxation of share issues.”.

(2) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

[G]

**Purchase of own shares by bodies corporate.**

(1) In the Income Tax Act 1970 after section 2Q insert -

**“Purchase of own shares by bodies corporate.**

2R. (1) This section applies in respect of the purchase by a body corporate of any of its own shares from a member who is -

- (a) a participator in the body; or
- (b) an associate of a participator; or
- (c) an officer of the body; or
- (d) an associate of an officer of the body,

otherwise than in the ordinary course of business carried on by the body.

(2) Expressions used in paragraphs (a) to (d) of subsection (1) have the same meaning as in sections A108 to J108 of this Act (inserted by Schedule 3 to the Income Tax (Amendment) Act 2004).

(3) The consideration for such a purchase shall be treated as income accruing to the person from whom the shares are purchased and accordingly chargeable to income tax in respect of the net amount.

(4) The “net amount” is the gross consideration given by the body corporate for the purchase of the shares less any consideration given by the member in respect of the member’s acquisition of the shares.

(5) The “gross consideration” is the amount paid to the member by the body corporate for the shares or the cash value of any other consideration given in respect of the shares.

(6) The “cash value” is the amount that would be paid in respect of any asset or right that represents the consideration by a willing purchaser in an arm’s length transaction.

(7) This section does not derogate from any other provision of the Income Tax Acts that provides for the taxation of the consideration for the purchase by a body corporate of its own shares.

(8) The purchase of its own shares by a body corporate is in the ordinary course of its business if it is a collective investment scheme within the meaning of section 30 of the Financial Supervision Act 1988”.

(2) This section shall have effect in respect of the tax year commencing on 6 April 2005 and subsequent years.”.

**Amendment to be moved by Mr Earnshaw**

**CLAUSE 15**

Page 16, after line 3: insert -

“(4) After section 81A of the 1970 Act insert -

**“Accounting periods for trading profits.**

**81B.** (1) The Treasury may make regulations to provide for the trading profits of a non-corporate taxpayer to be assessed by reference to the accounting period relating to such trade.

(2) Without prejudice to the generality of the power in subsection (1), regulations may include provision -

- (a) for the determination of the beginning and the end of accounting periods;
- (b) for the treatment to be applied to the commencement or cessation of the trade;
- (c) for circumstances where more than one trade is carried on by a non-corporate taxpayer, each with a different accounting period;
- (d) for the treatment to be applied to income or losses not otherwise falling within an accounting period.

(3) Regulations under this section shall be laid before Tynwald as soon as practicable after they are made, and if Tynwald at the sitting at which the regulations are laid or at the next following sitting resolves that they shall be annulled, they shall cease to have effect.

(5) In section 102 of the 1970 Act, for “seventh” substitute “thirtieth”.

and re-number the subsequent subsections.