

Income Tax Bill 2012
Third Reading approved

1. Mr Braidwood to move:

That the Income Tax Bill 2012 be now read a third time.

The President: The Income Tax Bill to be read a third time. Mr Braidwood.

Mr Braidwood: Thank you, Madam President.

Before I commence the Third Reading of the Income Tax Bill 2012, I would like to elaborate on some of the answers I gave to questions raised at the clauses stage. Madam President, at the clauses stage of this Bill, two issues were raised which required clarification, and I would like, if I may, to take this opportunity to address those issues.

The first matter concerned the phased introduction of the requirement for employers to undertake their Income Tax transactions online. The issue raised concerned the need for accountants to use online services, regardless of whether or not an employer had a hundred employees. Madam President, I can confirm that there is no obligation for an accountant to conduct their clients' business online. This is purely a matter of choice. However, there are advantages to be gained from their choosing to use the services, as they provide a fast, efficient and convenient way to deal with an employer's tax affairs. I would also like to confirm that small employers with less than five employees, or an employer that can demonstrate to the Assessor that they do not have access to the internet, do not have to conduct their business with the Income Tax Division online.

The second issue, Madam President, regarding historical versions of the Income Tax Act and provisions to be repealed, was one that you raised yourself. I can confirm that the repeal of spent Income Tax legislation does not cause any detriment to access to that in legislation. All Acts, whenever passed, will continue to be available in existing hardcopy annual volumes, as well as under previous reprints of repealed and superseded legislation produced since 1996. They will always be available in the Tynwald Library and in the Attorney General's Chambers. In this case, the Acts themselves no longer contain any active provisions and, in the main, have amended or added clauses to the Income Tax Act 1970, which is the main Income Tax Act.

Madam President, I will now proceed with the Third Reading of the Income Tax Bill 2012. The Bill is divided into six parts and has 17 clauses.

The first part of the Bill, containing clause 1, provides the short title of the Act.

The second part of the Bill contains clause 2, which confirms six Temporary Taxation Orders. These Orders address the repeal of the Attribution Regime for Individuals, four measures introduced in the 2012 Budget and the Assessor's powers to gather information.

Part 3 of the Bill, containing clause 3, repeals a number of spent Income Tax Acts and provisions of Income Tax Acts in an exercise to remove dead wood from the Income Tax parts of the Island's statute book.

Part 4 of the Bill contains two clauses. The first amends the provisions regarding temporary taxation orders, while the second moves those provisions into the Income Tax Act 1970.

Clauses 6 to 15 form part 5 of the Bill and address amendments to the Income Tax Act 1970.

Clause 6 confirms the purpose of this part of the Bill, while clauses 7 and 9 replace out-of-date references to the Department of Health and Social Security.

Clause 8 repeals a now redundant section concerning class 4 contributions.

Clauses 10 and 11 amend the Assessor's powers to gain information. Clause 10 addresses a situation in which the whereabouts of a taxpayer under investigation is not known, while clause 11 concerns information requested under the terms of an international tax agreement.

Clauses 12 and 13 amend two statutory information gateways between Government Departments to bring them into line with a number of other gateways.

Clause 14 inserts a cross-heading for the introduction of the temporary taxation order provisions, while clause 15 inserts schedule 3, containing savings and transitional provisions.

Part 6, the final part of the Bill, contains two clauses: clause 16 amends the Income Tax Act 1989 to replace an out-of-date reference to the Department of Health and Social Security; and clause 17 provides for the Act to expire on the day following its promulgation.

Madam President, I beg to move the Third Reading of the Income Tax Bill 2012.

The President: Do we have a seconder, please?

Mr Lowey: I will come back from my reverie! *(Laughter)* I beg to second and reserve my remarks. Thank you, Madam President.

The President: The Hon. Member, Mr Crowe.

Mr Crowe: Thank you, Madam President.

They say there are two certainties in life – death and taxes – so I think one of these... It follows the Income Tax Act that we have looked at is part of one of the certainties of life.

I am supportive of the Bill. Income Tax Acts, as we know, are always brought in following the annual February budget, and it takes into account changing circumstances and the revenue-raising needs of the Treasury. I think the general intention, going forward, is to simplify it as you have removed some of the legislation that is now (**Mr Braidwood:** Dead wood.) defunct. I think, going forward, there will be always this need to collect taxes and there will be a general presumption by Treasury to simplify the collection, as per the recent consultations.

So, as I say, I am supportive of these measures.

The President: The Hon. Member, Mr Wild.

Mr Wild: Thank you, Madam President.

I was just simply going to say a robust piece of legislative financial housekeeping and modernisation, and I am very supportive.

The President: The mover to reply.

Mr Braidwood: Thank you, Madam President, and I do thank Mr Crowe and Mr Wild for their support.

Following on from the comments made by the Hon. Member of Council, Mr Crowe, yes, there are only two certainties in life – death and, you could say, collection of taxes – and I hope that we will continue to collect a lot of tax going forward, so we can fund all our revenue from Departments.

Thank you, Madam President. I beg to move.

The President: The motion is that the Bill be read a third time and do pass. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.