

INCOME TAX
EXTRA STATUTORY CONCESSION
MANUFACTURING ACTIVITIES – ZERO RATE OF TAX
ON TAXABLE INCOME

Laid before Tynwald 15th February 2005

The Treasury has agreed the following Concession -

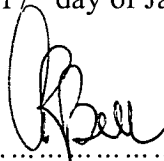
1. This Concession will have effect in respect of the year of assessment commencing 6 April 2005 and subsequent years of assessment.
2. This Concession will apply to any company whose principal activity is manufacturing.
3. For the purposes of this concession, “manufacturing” may be taken to mean the subjection of goods or materials to a process, as applying for the purposes of “Industrial Buildings Allowances” and any associated services but shall not include the construction of buildings or other structures and associated services including the extraction and/or processing of minerals in the Island.
4. (1) Any company within the charge to Manx income tax will be charged at a rate of 0% on so much of its taxable income as is derived from manufacturing.

(2) Any apportionment necessary for the purposes of sub-paragraph (1) shall be made by the Assessor.
5. Section 71 of the Income Tax Act 1970 ^(a) shall not be applied to so much of the dividends paid by such a company as is attributable to the taxable income falling within paragraph 4 and the Assessor shall not pursue the liability to income tax of non-resident persons in receipt of such income.
6. The application of this concession will be conditional on the company concerned accepting that Part 4 of the Income Tax (Amendment) Bill 2005 will apply from 6th April 2005.

(a) Vol. XXI p.260

7. This Concession is of general application, but in a particular case there may be special circumstances which will require to be taken into account in considering the application of the Concession. This Concession will be withdrawn in any case where the Assessor determines that the concession has been or is intended to be subject to abuse.

MADE this 17th day of January 2005



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Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Concession)

This Concession is a transitional measure pending introduction of primary legislation implementing the Taxation Strategy approved by Tynwald in October 2000. It applies a zero rate of income tax on the company trading profits in respect of the defined manufacturing activities and formalises the Treasury Minister's 2005 Budget Day announcement made on 15th February 2005.