

Tax Cap Election Form

Sections 2ZA to 2ZC of the Income Tax Act 1970 allows an Isle of Man resident individual or couple to apply to have their personal income tax liability capped at the statutory amount each tax year over either a 5 or 10 year period.

Please read Guidance Note 51 before making this election.

An election for the tax cap must be made before the start of the tax year to which it relates. For example, if someone is applying for a new tax cap from the 2025/26 tax year then they need to submit their election by the 5th April 2025 at the latest. The only exceptions being where either a new resident makes an election within 60 days of commencing residence or an existing resident can demonstrate that exceptional circumstances have prevented them from making an election on time.

1 - PERSONAL DETAILS	SELF
Name	
Address	
Date of Birth	
Tax Reference Number e.g. H123456-78	

If this election relates to a Jointly Assessed Tax Cap, complete section 2, if not please leave section 2 blank.

2 - PERSONAL DETAILS	SPOUSE or CIVIL PARTNER
Name	
Address	
Date of Birth	
Tax Reference Number e.g. H123456-78	

3 - AGENT AUTHORITY (if applicable)		
Authorised tax agent: (if applicable)	Agent Name:	Agent Address:

4 - ELECTION DETAILS	
If you are married or in a civil partnership, do you wish to apply for a tax cap as a jointly assessed couple or as an independently taxed individual?	<input type="checkbox"/> Not Applicable <input type="checkbox"/> Yes - Jointly Assessed Tax Cap <input type="checkbox"/> No – Independent Tax Cap
If you are currently jointly assessed with your spouse or civil partner and wish to revoke your jointly and severally liable ("JSL") status in order to be independently tax capped, please confirm the date from which you wish to revoke your JSL status.	<input type="checkbox"/> Not Applicable 6 th April _____
What is the first income tax year for which you wish the tax cap to apply from?	
How long do you wish to elect for the tax cap – 5 years or 10 years?	<input type="checkbox"/> 5 Years <input type="checkbox"/> 10 Years
What is the statutory tax cap amount for the first year you are applying from?	£
What is the average level of income you expect to receive in each of the years for which the election will apply?	£
What is the source of your wealth? (please confirm the nature of your income and names of any key businesses you own)	
How do you intend to pay the tax cap balance each year?	Payment on Account <input type="checkbox"/> Monthly ITIP deductions from salary <input type="checkbox"/>

5 - DECLARATION	
I/We* confirm that the information provided in this form is correct, that I/we* have read Guidance Note 51 and understand the implications of electing for the tax cap. I/We* therefore wish to elect for the tax cap as stated on this form. (*Delete as appropriate)	
<u>Self</u>	<u>Spouse / Partner</u>
Signed.....
Name.....
Date.....

IMPORTANT INFORMATION:

If an election to pay the income tax cap is accepted, the normal obligations to file an annual declaration of worldwide income, and to comply with all other requirements of the income tax acts, orders and regulations will continue to apply for the duration of the election period.

Once a tax cap election is approved, the individual concerned is committed to paying the statutory amount of the tax cap each year over the relevant period of either 5 or 10 years. This means that, even if that person's income is low in a particular year, they would still have to pay the tax cap amount which may therefore be higher than what their normal liability would have been for that year.

When deciding whether to make this election therefore the benefit of the tax cap must be calculated on the basis of whether the person is better or worse off over the whole period that the tax cap applies for.

A tax cap cannot be broken part way through its election period but if someone realises that over the full period it actually results in them paying more tax than they would have otherwise then they may request that the tax cap is completely revoked. This revocation will have the effect of treating them as if they had never made the election in the first place and so all relevant years would be reassessed onto the same basis as they were before the cap was applied.

Please note that if the person electing for the Tax Cap is married or in a civil partnership but only one spouse/civil partner is making the election then only that person needs to submit and sign this form.

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