

## **Isle of Man – Information on residency for tax purposes**

### **Section I – Criteria for Individuals to be considered a tax resident**

The Isle of Man treats individuals having a 'view or intent of establishing residence' as tax resident from the date of their arrival on the Island, and as no longer being resident from the date on which they permanently depart the Island.

There are however, also specific rules in the Isle of Man that determine tax residence by a person's physical presence on the Island.

Based on physical presence the following individuals will be considered tax resident in the Isle of Man where:-

- they reside in the Isle of Man for a period equal to six months (183 days) or more in a tax year, or
- their visits to the Isle of Man over a period of four or more consecutive tax years exceeds an average of three months (90 days) in each tax year (the individual will be treated a resident from the start of year 4 and subsequent years), and
- where there is an intention for visits to average more than 90 days per year at the outset, the individual will be treated as resident from the first year.

For the avoidance of doubt, the Isle of Man tax year is a non-calendar tax year which runs from 6 April to 5 April following.

### **Section II – Criteria for Entities to be considered a tax resident**

A company will be tax resident in the Isle of Man if the company is incorporated in the Isle of Man (Section 2N, Income Tax Act 1970), except in certain limited circumstances where it can be proven to the satisfaction of the Assessor that:-

- Its business is centrally managed and controlled in another country; and
- It is resident for tax purposes under the other country's law; and
- Either -
  - It is resident for tax purposes under the other country's law under a double taxation agreement between the Isle of Man and the other country in which a tie-breaker clause applies; or
  - The highest rate at which any company may be charged to tax on any part of its profits in the
- There is a bona fide commercial reason for its residence status in the other country which status is not motivated by a wish to avoid or reduce Isle of Man income tax for any purpose.

Companies incorporated outside of the Isle of Man may also be Isle of Man tax resident where they are managed and controlled from the Isle of Man.

Companies incorporated outside of the Isle of Man and not tax resident in the Isle of Man but having a branch/permanent establishment in the Isle of Man are taxed to the extent of the business conducted in the Island (Section 11, Income Tax Act 1970).

### **Section III – Entity types that are as a rule not considered tax residents**

The tax residence of a Trust in the Isle of Man is based on the tax residence of its trustees, therefore if at least one trustee is Isle of Man resident for tax purposes then the Trust will also be considered Isle of Man tax resident.

Foundations established in the Isle of Man are considered resident for tax purposes in the Isle of Man.

Foundations established outside the Isle of Man may also be Isle of Man tax resident where at least one of the council members (or their equivalent) is resident in the Isle of Man for tax purposes.

Partnerships are fiscally transparent and therefore do not have a tax residence status of their own.

Profits from a partnership are taxed in the hands of the individual partners and their residence is determined in accordance with section I above.

### **Section IV – Contact point for further information**

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