

## **THE FUTURE BUSINESS TAXATION REGIME IN THE ISLE OF MAN**

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TREASURY Minister Allan Bell MHK has given an assurance that any changes to the Isle of Man's business tax system will be subject to full consultation and the usual legislative process.

Mr Bell said that consultation would commence shortly as part of a review of international developments and that no immediate changes were planned.

The Minister's comments follow a statement from Chief Minister Tony Brown MHK in Tynwald this week confirming that Government had been watching the way international sentiments and standards had moved in response to the global economic crisis. Mr Brown stated there would be early discussions with relevant parties to assess the potential impact of any international changes.

The Treasury Minister said: 'Over the last decade the Isle of Man Government has adopted a policy of compliance with best international standards as such standards emerge, develop and are modified. This policy of adherence to international standards, underpinned by the key principles of fiscal sovereignty and economic stability has been supported by Tynwald on more than one occasion, and has resulted in the Island continuing to develop its economy successfully in the world market and making significant changes to its tax system.

'In the area of international tax co-operation, the Isle of Man's record is self-evident and has been acknowledged by the Secretary-General of the Organisation for Economic Co-operation and Development (OECD) and by United Kingdom Government Ministers.

'The Isle of Man Government accepts that the global economic and financial crisis has led to a renewed examination both of the nature of the international tax standards and how their effectiveness is to be monitored. At this point nothing concrete has emerged which can be described as a new, and generally accepted international tax standard: in particular in respect of the types and rates of tax that a country may impose on individuals and enterprises in its jurisdiction. Therefore, the generally accepted international tax standard is that developed by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes and the ninety or so countries taking part in it; augmented within a European Union (EU) context by the principles of the Code of Conduct on Business Taxation.

'As the Chief Minister made clear, the Isle of Man Government has a number of responsibilities, particularly to the economy of the Island. The Government is committed to maintaining and growing the economy, and to ensuring that all interested parties are made fully aware of international trends and are able to contribute their views in relation to the Isle of Man's future positioning. At the same time, the Government will continue its publicly stated policy of engaging with other countries and with international organisations such as the EU and the OECD, and demonstrating that the Isle of Man is a responsible and co-operative economic partner.

'Reviewing international developments and developing the Isle of Man's taxation regime so that it is in keeping with the key responsibilities outlined above will take some time. An open and consultative process will commence shortly, and Treasury will ensure that updates are provided regularly. It is likely that some support from external advisers will be necessary in order that fully informed policy options can be formulated. Any decisions regarding changes to the business tax system will be made only after extensive and in-depth consultation and will, of course, be subject to the normal legislative procedures of Tynwald.'