



INCOME TAX

EXTRA STATUTORY CONCESSION

SPACE ACTIVITIES – ZERO RATE OF TAX ON TAXABLE INCOME

Laid before Tynwald

2004

The Treasury has agreed the following Concession -

1. This Concession has effect in respect of the year of assessment commencing 6 April 2004 and subsequent years of assessment.
2. Subject to the exclusions referred to in paragraph 4 this Concession will apply to any company whose principal activity is any one or more of the space activities specified in paragraph 6.
3. For the purposes of this Concession, 'space' may be taken to mean any point whose altitude is 100 kilometres or more above the Earth's mean sea level. Similarly, 'space object' may be taken to mean any object launched into space or constructed in space or on a celestial body.
4. It will not apply to any company which is:
 - (a) the holder of a banking licence under the Banking Act 1998 ^(a), or
 - (b) the holder of a licence under section 3 of the Investment Business Act 1991 ^(b).
5. (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 the activities specified in paragraph 6.

(2) Any apportionment necessary for the purposes of sub-paragraph (1) shall be made by the Assessor.

(a) 1998 c.4 ; (b) 1991 c.18 ; (c) Vol. XXI p.260

6. The specified activities referred to in paragraphs 2 and 5 are, in respect of a launch vehicle, space object, ground-based observatory, system essential to overall space capabilities, or similar asset -
 - a) manufacturing
 - b) operation
 - c) sale
 - d) financing and investment
 - e) provision of educational and other training activities
 - f) provision of consultancy and technical support services.
7. Section 71 of the Income Tax Act 1970 ^(c) shall not be applied to so much of the interest or dividends paid by such a company as is attributable to the taxable income falling within paragraph 5 and the Assessor shall not pursue the liability to income tax of non-resident persons in receipt of such income.
8. 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 This Concession will be withdrawn in any case where the Assessor determines that it has been or is intended to be subject to abuse.

MADE

.....
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 space and satellite activities and formalises the Treasury Minister's 2004 Budget Day announcement made on 17th February 2004.