

The Isle of Man is still being subsidised – by at...

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I have been sent a Freedom of Information request made in the Isle of Man concerning the new VAT sharing agreement with the UK. I publish [here what is, for my purpose, the most relevant page](#) — the illustrative calculation. The rest of the document has been [put on line](#). This calculation is new.

Let's talk about what is known in this new document and what is speculation. The 2006/07 income is known. The subsequent uplifts and adjustments are not yet confirmed — and it's very hard to believe that a) the IoM really did have 8% growth in 2007 and b) has continued to grow through the recession. That is certainly not true of the UK, almost any other economy I know of, and Jersey, so why of the IoM claims to have done so I do not know. I take the claim with a considerable pinch of salt as a result.

The data for expected VAT and duty is based on the [UK budget for 2009/10](#). The figures are for adjustments to that data are, of course purely speculative. I have, therefore, ignored them.

Let's be clear what this shows: it is that at most the Isle of Man might expect to enjoy VAT income under this agreement of £156 million this year.

Use the more reliable 2006 income data to apportion benefit and the income due to the Isle of Man would be £135 million.

The actual expected VAT income of the Isle of Man under this agreement this year, before revision, [was £338 million](#).

That means, depending on the final proven level of national income in the Isle of Man, the level of subsidy was between £182 million and £203 million. I, of course, predicted a figure of [£230 million](#): but I was using 2008/09 data and I used GDP not GNI for the UK in doing so.

But, the maximum sum that we learn is to be withdrawn from the Isle of Man is [£140 million a year](#). Which means that, quite categorically, the subsidy remains. It has simply

been reduced to a sum now running at between £40 million and £60 million a year.

That remains a scandalous use of UK taxpayer's money. It also gives a complete lie to the claim that the Isle of Man neither was subsidised, and will not be in the future. It still is being subsidised.

But I should make clear: I can live with that. The Isle of Man may need to be subsidised, but I utterly reject the idea that a subsidy should be given without conditions being attached. My conditions would be simple. The Isle of Man should earn this subsidy by:

1. Definitely becoming a full information exchanging member of the European Union Savings Tax Directive as soon as possible;
2. Supporting current proposed extensions to that directive;
3. Requiring that details of the beneficial ownership, real management and full accounts of all IoM companies be put on public record;
4. Requiring that the Isle of Man match any developments in the UK requiring details of trusts to be put on public record;
5. That the Isle of Man proactively seek to sign Tax Information Exchange Agreements until it reaches a target of at least 60 — the average number for a G20 state;
6. the Isle of Man actively seeks to pioneer automatic information exchange agreements with other states.

That's worth a subsidy. But the current arrangement is not worth a penny.

And as that for that statement that I made that I accepted that the Isle of Man was no longer subsidised — I withdraw it forthwith. It was wrong. The evidence, now available, simply does not support it.

So the debate goes on.