

Isle of Man to keep Zero Ten - and abolish the abusive ...

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Today is budget day in the Isle of Man.

In [her budget speech the](#) Island's Treasury Minister has announced with regard to the zero /10 tax regime, which was pioneered by the Isle of Man and which has now been found abusive by the European Union:

[B]ased on what I have said over the last few minutes, this Court will realise which way the wind is blowing. A political process which says in November 2010 that we should be expected to change our tax system is unlikely to reach a different conclusion in 2011.

The result is obvious. The budget deficit in the Isle of Man will increase. It already amounts to about £100 million. Local services will, as a consequence, be cut even more than is necessary. All that to ensure that the tax industry can continue to offer tax avoidance of those not resident in the island.

There is a second consequence. Whilst the Isle of Man generates relatively small amounts of income from income tax from companies of the sort who will now have greater opportunity to avoid the obligation to pay, Jersey is not in the same position, and is heavily dependent upon this source of income. The pressure on Jersey to now follow suit will be high but it cannot afford to do so. The focus has shifted to St Helier.

And whichever way it is looked at, the capture of the legislature in the Isle of Man by finance contrary to the best interests of the local population is apparent.