The Isle of Man is going to lose more VAT - and Tony Br...

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The Isle of Man Today web site has noted:

THERE will be a public announcement if any changes of substance are to be made to the VAT sharing arrangement, the Chief Minister told the House of Keys.

Tony Brown revealed in an exclusive interview with the Examiner last month that the UK continues to press to take another substantial slice off our VAT revenue.

He said the UK had made its intentions quite clear that the VAT share the island should receive should be no more than we would collect if we were independent.

And he said if the UK pressed ahead with this, it would mean a substantial cut in government revenue on top of the 25 per cent loss resulting from the last VAT bombshell.

Well, let me make the announcement for him then, since he seems so reluctant to do so.

My information makes it very, very clear that this reform is going to happen.

As I noted last September:

Rumour reaches me that we should shortly see announcement of a massive increase in GDP in the Isle of Man.

Why could that be? Well, the VAT sharing agreement with the UK happens to be based on ratios related to relative GDP. So if the Isle of Man manages to report a significant GDP increase whilst the UK's in the doldrums of near recession guess who wins significantly? Yes, our friends in the Irish Sea.

But surely they wouldn't do such a thing, would they?

They were stupid enough to go ahead despite the warning as to how it would be received in the UK Treasury that I gave. And as I showed, their claim that the resulting revised GDP was 'correct' was utterly spurious - despite their furious briefing to the contrary.

Well, more rumours reach me, and yet again they suggest that I'm right on this issue. The UK Treasury is furious with the Isle of Man for this blatant attempt to re-jig the data on which the Common Purse Agreement governing the sharing of VAT revenues is based. And as a result they're not just looking at revising the agreement using the data I have noted, they're arguing the Isle of Man has been blatantly manipulating its VAT, for example by encouraging the film industry and yacht registration to distort its apparent VAT position.

The result is that The UK ate not just arguing the GDP data is wrong - they're seeking to take these other factors, which are seen as tax haven abuse, out of account too.

It's the price you pay for playing fast and loose, and as a result the peope of the Isle of Man will pay a heavy price.

It's time their Chief Minister told them the truth - because if I know this you can be sure he does too. But only one of us is saying it.

I have not yet worked out what the change may be - I have the data to do so, but not the time. But if it's as tough as I suspect the impact on the Isle of Man this time may be as significant as last time. After all - it's just not true as the Isle of Man claims that for VAT purposes income per head there is £45,000 - some £17,000 or more a year in excess of the UK. And even if it was - the UK should not be subsidising it!

There are tough times ahead in the Irish Sea - and it's all the fault of the Isle of Man politicians who tried to pull a fast one.