

It's really not the time for the Isle of Man to talk ...

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There's [a letter that's getting a lot of publicity](#) in the Isle of Man that borders on the absurd.

Written by (visiting) Prof Hugh Davidson its claim is that the whole exercise undertaken by the UK in reclaiming the VAT subsidy that was paid to the Isle of Man for far too many years was a simple act of bullying. And he then goes on to claim that the proposal now being made by the UK for the rest of the subsidy to be cancelled is another act of bullying on its part that it can get away with simply because the Isle of Man caved in to the UK's demands the first time round.

With the very greatest of respect to Mr Davidson maybe a little cognisance of the facts might help. As I've shown time and again on this blog, the [UK subsidised the Isle of Man by well in excess of £200 million a year](#) before the October 2009 VAT sharing agreement adjustment that reduced that by £140 million a year.

No one has yet proven my original data wrong: in fact, I stand by it to this day. As a result it is very obvious that the UK is still heavily subsidising the Isle of Man each year and as a result the Isle of Man still undertakes the pernicious activity of undermining the democratic mandate of the UK government to collect tax from those who owe it within the United Kingdom. That is an act of economic warfare on the part of the Isle of Man government and the UK is quite right to take the most basic of action in response to that by removing the subsidy it provides to the aggressor.

Mr Davidson would be wise to recognise this in his rhetoric, because upping the rhetorical stakes here can only be to the detriment of the Isle of Man. After all, the UK could do much more if it wished than simply revise the VAT sharing agreement. There are numerous other subsidies from the UK to the Isle of Man including those on health, defence, the supply of services, etc., all of which could be commercially charged for, and should be in my opinion. As far as I know they're not on the agenda as yet, but if the Isle of Man's position is to be awkward then I see little reason why a UK government looking for cuts shouldn't impose these on a place that due to its tax haven status has a higher GDP per head of population than the UK enjoys by some way.

In summary, talk of aggression won't pay: there's only one in this relationship and it's not the UK.