



## LATE RETURN PENALTIES FOR EMPLOYERS AND CONTRACTORS ISLE OF MAN REGULATIONS

### Introduction

A late return penalty system for employers and contractors took effect from 6 April 2010 and affects full and part year returns. Penalties are charged when annual returns are not submitted on time, or if they are incomplete.

### Late return penalty

Employers and contractors must submit their annual return (T37 or C37 respectively) no later than 30 days after the end of the tax year to which it relates; or no later than 30 days after the date of ceasing to be an employer or contractor.

These returns have to be completed fully and accurately, and must be accompanied by any supporting documentation which is required. For example, a form T14 or C14 must be sent in for each employee or subcontractor engaged during the tax year, even if no wages were paid to them during the year. In addition, T9 benefit in kind forms must also be submitted where appropriate. If a complete and accurate return is not submitted on time, the employer or contractor will be liable to a £250 penalty. They may also be liable to a penalty charge of £50 per day for each day that the return continues to remain outstanding, commencing from the day after that on which the £250 penalty is charged.

Practice Note 169/11, found on the Isle of Man Income Tax Division's website, gives examples of circumstances in which returns will not be accepted as complete.

### Information omitted from a return

If an employer or contractor completes a return to the best of their knowledge which is accepted by the Assessor but an omission is subsequently identified (e.g. an officer discovers that a taxable benefit-in-kind should have been on the return), no penalty will be charged if the relevant forms are submitted, and any payment due is made, within 30 days of the employer or contractor being notified of the omission.

If you would like to know more then please contact

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