



Isle of Man
Government

Reiljys Eilan Vannin

The Treasury

Yn Tashtey

FROM THE OFFICE OF THE TREASURY MINISTER

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Dear Chamber of Commerce Board

I am concerned to receive your open letter and the brief survey of your members. This has been a difficult Budget to deliver and there was naturally going to be concern around a temporary increase in Income Tax to meet the growing demands on our NHS.

From the start of this administration there has been increased collaboration with the private sector, consultation around the Economic Strategy and the Island Plan, and the incorporation of private sector expertise; both through the Department for Enterprise agency model and the appointment of high profile specialist advisers to a growing number of departments and boards.

We have also worked together closely on a range of initiatives to support businesses on the Island and only this week met to finalise a long term skills strategy for our Island.

This positive engagement with the private sector and the use of private sector business expertise will continue.

The Budget was debated on 20 February and approved by Tynwald with no Member voting against the proposed tax changes or budgetary allocations. I respect the view of Tynwald.

The guiding principles of the 2024 Budget were to preserve essential public services with the injection of an extra £43.8 million to support the NHS during a time of increasing demand and increasing service development. And a further £18.3 million to the Department of Education, Sport and Culture.

This included £3 million for the initial implementation of the Childcare Strategy with a total of £35 million directly supporting working families over the next five years.

The Budget also contained significant increases in benefits to working families as well as support for pensioners. Changes to the national insurance primary threshold will benefit those on low pay and the 2% increase to the upper rate of income tax is ring-fenced to support the NHS.

In a difficult and uncertain economic environment, these measures aim to produce long term sustainable financing for the Isle of Man while reducing the drawdown on reserves and delivering a balanced budget. This is to the benefit of our community, businesses, and economy.

Government and all departments are acutely aware of the need to continue to provide vital public services while delivering value for money for the taxpayer; working within the constrained budgets allocated to them by Tynwald.

The Economic Strategy Fund continues to leverage private investment in the Isle of Man and a range of financial incentives continue to support the expansion and success of our local economy.

The Department for Enterprise continues to offer a range of supportive measures to ensure businesses across the economy are able to access assistance, whether financial or otherwise, to help them improve their operations.

In the last year, this included training 145 people through the Micro Business Grant Scheme, and committing over £1m of support to businesses through the Financial Assistance Scheme. Work is underway to review and refine these schemes to ensure they meet the needs of businesses both now and into the future. The 2024 Budget also continues to fund;

- support of c.£300,000 to fund aspiring entrepreneurs through the Micro Business Grant Scheme;
- £40,000 committed to projects through the Business Improvement Scheme;
- £1.4m invested through the Financial Assistance Scheme to support business expansion and employee relocation. Leveraging c.£4m private sector funding and supporting the creation of over 100 new jobs;
- over 25 businesses supported with interest free loans to implement energy efficiency measures
- significant commitment in respect of the Island Infrastructure Scheme which is set to leverage over £50m of private sector investment and revitalise a number of key brownfield sites which have laid vacant for decades.

Ministers and departments are financially responsible and accountable for their budgets and this is reflected as a priority in the updated Island Plan which will be debated at the March sitting of Tynwald.

As the economic overview in the Budget sets out, it is Government's determination to build on the financial resilience of the Isle of Man, its diversified economy and its continued competitiveness in an increasingly challenging international business environment.

I have analysed the comments from your survey. In my Budget speech, I committed to review the tax thresholds and those for child benefit, once our finances are stabilised by the changes that have been agreed by Tynwald.

The Tax Strategy has the long term goal of broadening the Island's tax base and reducing personal taxation. This will be fully debated in March Tynwald.

This Budget invests in frontline public services and the people of our Island. It provides firm foundations for the stability and expansion of healthcare and education for our community, and cements the Island Plan's commitments to grow the active working population and build a secure, vibrant and sustainable Island.

Yours sincerely

Hon. Dr Alex Allinson MB BChir MRCGP DCH DGM DRCOG MHK
Treasury Minister.
