

Government Launches Finance Initiatives

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Under continuing international pressure to eliminate tax practices seen as harmful or unfair, the Isle of Man government has been reviewing its policy on business tax. As part of this review it has already reduced the tax on businesses to 10% (accelerating a reduction which was originally to have been phased in between 2000 to 2005). The latest proposal (which has yet to be debated by the island's legislature, the Tynwald) is that by 2006 tax on businesses should be completely abolished. At present, only certain types of offshore company can be fully exempt from tax, and this creates the risk of criticism arising out of the different tax treatment of different types of company.

In a separate initiative, the Manx government is injecting additional funds into the local film industry. This is to be achieved by the creation of a new media development fund containing £25 million. In recent years a number of successful films (most notably *Waking Ned*) have been not only produced by companies based in the Isle of Man, but actually shot on the island. A number of new projects are in the pipeline or have already been completed, including a new production of *The Hound of the Baskervilles*, due to be screened by the British Broadcasting Corporation on Christmas Day. At present, the government subsidizes the local film industry to some extent, but only with a view to helping the industry become more securely established and ultimately self-financing

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