

Response ID ANON-P8U3-A6GD-J

Submitted to NHS Levy Consultation
Submitted on 2025-06-18 09:02:07

About you

1 I am a responding as or on behalf of a ...

Resident for tax purposes

2 Are you responding as part of or on behalf of a jointly assessed couple?

Not Answered

3 Are you responding on behalf of an organisation?

Yes

Organisation:
Port St Mary Commissioners

4 May we publish your response?

Yes, you can publish my response in full

2. Background

3.1 Who should pay the Levy

5 Do you agree that the Levy should only apply to individuals who are classed as resident for tax purposes?

No

6 Should the Levy apply to all individuals with sufficient income to be above a Levy free amount irrespective of their age?

No

Please provide further information or comments that you may consider relevant::

Applying the Levy irrespective of age risks placing an undue financial burden on vulnerable groups—particularly pensioners and those on fixed incomes. While fairness in public contribution is important, a blanket approach fails to consider the nuanced financial realities of many older residents, who may have limited ability to increase their income to meet rising costs.

Many in our community rely on modest pensions or savings, and the cumulative effect of the Levy alongside other rising living expenses could significantly affect their quality of life.

Age-related exemptions, caps, or relief mechanisms to protect lower and fixed-income pensioners, and to explore more progressive models of contribution that better reflect ability to pay rather than just gross income level.

3.2 What would the Levy be charged on

7 Do you agree that the Levy should be charged on all categories of income outlined above?

No

Please provide further information or comments that you may consider relevant::

We strongly oppose the proposal to apply the Levy to all categories of income, including pensions, benefits, and other previously exempt forms of income. This approach is disproportionately regressive and risks penalising individuals who are least able to afford an additional charge—particularly pensioners, carers, and those on low or fixed incomes.

Applying the Levy to these income sources undermines the principle of fairness. Many of these payments exist specifically to support people in vulnerable circumstances; subjecting them to a healthcare charge contradicts their purpose.

3.3 Should there be a 'Levy Free' amount

8 Should there be a 'Levy Free' amount similar to the current Income Tax personal allowance?

Yes

9 Should the 'Levy Free' amount be lower, the same or higher than the Income Tax personal allowance?

Higher

Please provide further information or comments that you may consider relevant::

The Levy is proposed as an additional charge on top of existing taxation, during a period where many residents are already struggling with the cost of living. As such, setting the 'Levy Free' amount higher than the current Income Tax personal allowance is essential to protect low- and middle-income individuals and families.

A higher threshold would ensure that the Levy targets those with a greater ability to contribute, rather than inadvertently pushing more people into financial hardship.

3.4 How should jointly assessed couples be treated

10 Should couples who are jointly assessed for income tax purposes be treated as two separate individuals or a jointly assessed couple for the purposes of calculating the Levy?

Jointly assessed

Please provide further information or comments that you may consider relevant::

Couples who are already jointly assessed for income tax purposes should logically be treated as a single taxable unit for the purposes of the NHS Levy. This reflects the reality of shared household finances and ensures a more accurate and fair assessment of their overall ability to contribute.

3.5 Should there be a maximum amount payable as part of the NHS Levy?

11 Do you think it is reasonable for there to be a maximum amount payable under the Levy?

Yes

12 If you do agree that there should be a maximum amount payable under the Levy, do you agree that the maximum should be £5,000 for individually assessed individuals and £10,000 for jointly assessed couples?

No

Please provide further information or comments that you may consider relevant:

While we support the principle of a maximum cap, we do not agree that the proposed levels are appropriate.

The proposed figures appear arbitrary, with no supporting data to demonstrate how they align with income distribution, NHS funding needs, or the broader economic impact.

The consultation lacks modelling to show how many people would be affected, or how much revenue would be lost or gained by adjusting the cap levels.

3.6 How could the Levy be assessed and collected

13 Should the Levy be paid in the same way as Income Tax?

No

Please provide further information or comments that you may consider relevant::

While aligning the Levy with the Income Tax system may appear administratively convenient, we do not support this approach without significant reform to ensure the system is transparent, fair, and manageable for both taxpayers and employers.

3.7 Ring-fencing the Levy

14 Should the Levy be 'ring-fenced' or should it be included in Government's General Revenue?

Ring-fenced (please leave a comment)

15 If you selected 'ring-fenced', what health services should be funded by the additional amount collected?

Please explain your choice::

If the NHS Levy is to be introduced, it is essential that it is ring-fenced specifically for healthcare funding.

This will maintain public trust by ensuring that contributions are used solely for the intended purpose of supporting and improving health services.

It provides transparency and accountability, allowing the public and Local Authorities to see exactly how the funds are spent and whether outcomes are improving.

3.8 Additional and alternative funding

16 Would you agree that an annual Healthcare Surcharge could be applied to all new residents coming to the Island which would be in addition to the proposed NHS Levy?

No

17 Should this annual Healthcare Surcharge be imposed on everyone coming to live in the Isle of Man, or just on those who are less likely to be economically active (e.g. those who arrive without a work permit?)

No

Please provide further information or comments that you may consider relevant::

We do not support the imposition of a Healthcare Surcharge on any group of new residents—whether economically active or not. Targeting those deemed "less likely to be economically active" raises serious ethical, legal, and reputational concerns.

It risks discrimination and social exclusion, particularly for retirees, carers, dependents, or others who may not hold a work permit but still bring value to our community.

18 If you believe that the Levy as outlined is not the optimal approach to meet the cost of funding for health, please provide details of alternative suggestions.

Alternative suggestions::

Yes, we believe the proposed NHS Levy is not the optimal solution. It risks being regressive, administratively complex, and economically disruptive without sufficient modelling or engagement on alternatives. We would recommend the following alternative approaches or refinements:

1. Reform National Insurance (NI) Instead

Rather than introducing a separate levy, reform the existing National Insurance system to

Introduce a ring-fenced healthcare component within NI.

Apply a more progressive rate structure to ensure higher earners contribute more.

2. Introduce a Tiered or Graduated Healthcare Contribution

If a separate levy is required:

Structure it with income bands (e.g. 1% on £15k–30k, 2% on £30k–60k, 3% above £60k).

Protect low- and middle-income groups by applying the charge progressively.

Include exemptions or caps for pensioners and those on fixed/low incomes.

This maintains fairness and aligns more closely with ability to pay.