



Isle of Man  
Chamber of Commerce

## **The Proposed NHS Levy.**

# **What Members Need to Know – and What We're Asking**

As the Isle of Man Government consults on a new NHS Health Levy, Chamber is reviewing the potential impact on residents, employers, and our wider economy. While we recognise the need to fund growing health and care costs, we have concerns about the lack of data in the current consultation and the broader implications of introducing a new tax mechanism.

### **The Challenge**

Health and social care costs are rising steadily due to an ageing population and increasing treatment demands. The independent Sir Jonathan Michael report recommended that Health's budget should grow by 3.03% annually above base inflation. Treasury is now asking whether our current tax system is broad and robust enough to support that growth.

One option being explored is a new levy. Its stated aim is to widen the base of contribution, particularly targeting individuals who benefit from Manx health services but currently pay little or no tax due to their employment status or residency-based income.

### **What Is Needed**

To give meaningful feedback, members need clarity on:

- Forecasted health and social care expenditure over the next 10 years
- Projected income from existing taxes over the same period
- The estimated funding gap, and how it is expected to evolve
- The additional tax burden a typical household might face (across various scenarios)
- The anticipated economic impact of reduced spending power
- Whether Treasury has modelled economic growth as an alternative route to narrowing the funding gap, including potential losses from sectors such as e-gaming

## **On the Levy Itself**

We acknowledge the intent to bring more people into the tax net, especially those who benefit from services but do not currently contribute through income tax or National Insurance. However, there are significant design and delivery challenges that must be addressed:

- Should a new levy mirror income tax, or is a separate system justified?
- Will the cost of administering a new levy outweigh its benefit versus a simpler income tax rise?
- What income sources will be included or excluded, and why?
- How will fairness be measured, especially regarding means-tested benefits, allowances, and reliefs?

## **Efficiencies Must Come First**

Before introducing a new tax, Government must demonstrate that every reasonable efficiency has been pursued. This includes:

- Auditing Manx Care and the Department of Health for waste and poor practice
- Considering digital transformation of service delivery
- Taking advice from independent experts such as the King's Fund

## **On Ring-Fencing and Revenue Management**

While ring-fencing health funding may feel intuitive, past revenue volatility shows it may not be sustainable long-term. Government must retain flexibility to allocate funding where it's needed most while maintaining transparency and accountability.