



 THE CHURCH
OF ENGLAND
PENSIONS BOARD

Pensions in the Isle of Man

September 2025

If you live or work in the the Isle of Man, your pension and how you pay tax is likely to be different to the UK.

This guide offers some insight into those differences, to support your retirement planning.

Your Church of England pension

If you live or work in the Isle of Man, your Church of England pension will continue to build up in the same way. Within the clergy pension scheme, you receive a pension based on your years of service and the National Minimum Stipend.

The cost of providing your pension is covered by Sodor & Man Diocese.

Each year, we upload a statement showing your expected pension at retirement to your PensionsOnline account.

To see your latest forecast go to:

www.pensions.churchofengland.org

Please email us if you need a registration code. Your latest forecast won't yet take account of the changes recently agreed by General Synod.

Tax and Pensions

Assess your residency

Your residency status will affect how you pay tax on pension contributions before you retire, and how your pension is taxed when you do retire.

How much tax you'll pay depends on whether you are considered a resident on the Isle of Man.

Tax relief on your personal pension contributions (called AVCs)

You receive tax relief any Additional Voluntary Contributions (AVCs) you save into your Clergy pension.

The amount of tax relief depends on your marginal rate of income tax. For anyone who is not jointly assessed with their spouse, tax relief is:

- 10% on first £6,500 above the personal allowance of £14,750, and,
- 21% on any income in excess of £21,250.

The amount you can save 'tax free' into your pension in any one year is capped by the Isle of Man Government (known as the 'annual allowance'). This is the higher of £50,000 and your 'relevant earnings', and this amount includes contributions made by you and the Diocese.

Tax on your annual pension

There is a dual tax agreement with the Isle of Man and the UK, so pension income from the UK, including the UK State pension is taxed at Isle of Man tax rates while you are resident there.

When you claim your Clergy pension, it is usually taxed in the UK until HMRC receive confirmation of your Isle of Man tax residence - at which point the Double Taxation Agreement becomes relevant.

You need to let HMRC know you live in the Isle of Man. This usually requires you to obtain an Isle of Man tax residence certification from the Isle of Man Treasury and to send this to HMRC.

HMRC will then agree a 'nil tax' code can apply to your UK pensions. The pension is then be paid gross to you (without UK tax deducted) and you then need to declare those pension payments as part of your Isle of Man personal tax return.

Be careful assuming Isle of Man tax rates apply automatically to pensions paid from the UK.

If you are resident in the Isle of Man, your pension income may be taxed if it goes over your personal allowance and will be taxed at your marginal income tax rate. Your personal allowance and income tax rate will depend on whether you're taxed as an individual or together with a spouse or civil partner.

Once you reach state pension age (currently 66) you won't have to pay National Insurance on your pension income.

If you are resident outside of the Isle of Man but your pension is subject to Isle of Man tax, you will not benefit from any personal allowance.

Tax on your retirement lump sum

If you receive a lump sum from your pension, all, or part of this is likely to be paid tax-free.

Where a retirement lump sum is paid tax-free, if you reinvest this, no capital gains tax is due if you make a capital gain.

However, tax is due on any income that the lump sum generates once invested or banked (and that tax will be at the Isle of Man marginal rate).

Moving to the UK

If you move to the UK, your pension tax situation might become more complex.

It will be governed by the 2018 Double Tax Agreement between the UK and the Isle of Man. You'll need to take steps to make sure you're only taxed in the country where you live.

If you move to another country, it's important to get expert advice. Each country has its own rules, so how your pension is taxed will vary depending on where you go.

Transferring a pension to the Isle of Man

You can transfer a UK pension to the Isle of Man. This will be treated as an overseas transfer, and the receiving scheme will need to be a HMRC Recognised Overseas Pension Scheme. Depending on the type of benefits you are transferring, you may also need to get independent financial advice.

Your state pension(s)

UK State Pension

While you work in a location based in England, Wales, Scotland or Northern Ireland, you build up a State Pension, which is based on your National Insurance contributions.

Usually, you need 10 years of National Insurance contributions to receive a State Pension. They do not need to be 10 qualifying years in a row. You need 35 years of National Insurance contributions to receive a full State pension.

The current State Pension is £230.25. The state pension age is currently 66.

Find out how your UK State pension works at www.gov.uk/new-state-pension

The Manx State Pension

While you work on the Isle of Man, you build up the Manx State Pension, which is based on your National Insurance contributions.

You need a minimum of 10 years of National Insurance contributions in the Isle of Man to receive a Manx State Pension. They do not need to be 10 qualifying years in a row. You need 35 years of National Insurance contributions to receive a full Manx State pension.

The Manx State Pension is currently £251.30 a week (you can choose for it to be paid every 4 weeks or every week). The state pension age is 66. There is currently a Manx Pension Supplement of up to £51.73 a week that qualifying residents can apply for. This supplement is gradually being reduced and will no longer apply to those who qualify for state pension age after 5 January 2039.

Age limit for taking your benefits

All pensions payable in the Isle of Man must come into payment by the time you reach age 75.

If you are nearing age 75 and have not yet started receiving your pension, let us know.

This leaflet reflects our understanding of current legislation and practice. The situation may change. You should always talk to a financial or legal adviser if you need specific guidance or advice.

Contact us



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