

REVIEW



Manx Employment Tribunal Compensation Limit Rises



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Among the significant differences between Isle of Man and British employment law is the way compensation is calculated for successful Tribunal claimants.

The Manx Employment Tribunal deals with claims deriving only from statute such as unfair dismissal, discrimination, redundancy pay issues and unlawful deductions from salary. The awards for successful claimants are mostly capped by statute. Moreover, the method of calculation is governed by a statutory ceiling on the amount of a week's pay that is deployed in calculations for both the unfair dismissal basic award and statutory redundancy pay. In both cases, the amount is related to the number of years' service.

These statutory amounts have historically differed from the UK and, following the recent rises in the Manx figures, the differences remain. Thus from 1 August 2016 the maximum compensatory award at the Manx Employment Tribunal has risen from £50,000 to £56,000 for awards such as unfair dismissal and sex discrimination. In the UK the maximum compensatory award for unfair dismissal was increased in April 2016 to £78,962.

The Isle of Man's statutory cap on a week's pay has also been increased from £480 to £540. If the actual week's pay is less than £540 then the lesser figure is used in calculating unfair dismissal compensation and statutory redundancy pay. The corresponding UK figure for the limit on a week's pay is £479. The increases in the Isle of Man figures

apply where the event giving rise to the compensation occurred on or after 1 August 2016.

So although the Manx compensatory award limit is less than the UK, the Island's week's pay calculation is higher than the UK. In addition the method of calculation of statutory redundancy pay between Isle of Man and the UK differs as the Manx scale is not age dependent (unless retirement tapering provisions apply). No contract claims are permitted in the Manx Employment Tribunal, unlike the Tribunal in England which has a jurisdiction to hear breach of contract claims (such as wrongful dismissal) up to a value of £25,000.

Meantime significant changes in Isle of Man employment law are afoot in relation to the Equality Bill 2016 which will import substantial new law as to discrimination in respect of both employment and the provision of goods and services. The Bill began its passage in the Legislative Council of Tynwald in March 2016 and is currently passing through the various legislative stages.

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