



FALKLAND ISLANDS GOVERNMENT

PRESS STATEMENT

23 February 2018

FIG issues Public Consultation into taxation for the oil industry

Today the Falkland Islands Government has issued a public consultation document covering the taxation regime for oil companies operating in the Falkland Islands and their associated supply chain partners. This consultation will be open until Friday 6 April 2018 for responses from interested parties, which will be summarised and fed into final policy and legislative design later during 2018.

FIG and the Portfolio Holder for Government Services (including Taxation and Fiscal Policy), the Hon. Roger Spink MLA feels that this is the right time to consult with Industry on oil taxation given the potential development opportunities within the North Falklands Basin and the wider region. MLA Spink said: "I am pleased to report that this week the Executive Council of the Falkland Islands Government approved the release of the document '*Open for Investment: a consultation on the Taxation regime for the Falkland Islands*' for public input and discussion. It is important that FIG is open and transparent about future fiscal policy for the oil industry to develop here in the Falkland Islands and we strongly encourage the views and input of the business communities both locally and those based overseas with a view to doing business in the Falkland Islands in the coming years."

The consultation is the next step in a project to review the tax legislation currently in place and implement a programme of reform and improvement to bring it up to date with international best practice, including the OECD's Base Erosion Profit Shifting (BEPS) agenda. The consultation is focused on areas of strategic importance to the oil industry developing in the Falkland Islands, including the Corporation Tax treatment of finance and interest expenses, leasing and hire purchase, and decommissioning.

The consultation includes specific consultation questions on the main areas and invites comments and supporting evidence for Industry to provide to shape the future tax legislation to ensure it meets Government objectives whilst being internationally competitive and simple to comply with.

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In order to ensure a good level of engagement from stakeholders, FIG will be working with the Falkland Islands Petroleum Licensees Association (FIPLA) and the Falkland Islands Chamber of Commerce to spread the word of the consultation to the maximum number of interested parties.

This consultation will focus on the tax regime for oil activities within Falkland Islands waters, with a separate consultation on the Environmental Impact Statement having already commenced which is focussed on environmental regulations and protecting the natural habits in the region, led by the Department of Mineral Resources.

The outcome of this consultation is expected to be new legislation enacted in 2018

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Editors Notes: