

ESC 5 Taking or Provision of free meat in Camp businesses

ESC 5A – Goods for Own Use

It is a long-established principle of tax law that where a person in business takes goods from the business for his or her own use or private consumption, the business accounts should be credited with the retail value of that item for the purposes of calculating taxable profits as if that had been a sale to a customer.

Where a person engaged in an agricultural business takes meat or other produce from the business, either for their own consumption or for any other private purpose, then no charge will be imposed for the purposes of Falkland Island taxation as long as the normal retail value of the goods concerned does not exceed £1000 in any tax year.

ESC 5B – Goods provided to employees

Section 8 of the Taxes Ordinance 1997 charges tax on 'gains or profits from any employment', whether received in money or otherwise. Many farmers will give free meat to their workers and their families, or allow these employees to take their own. This is strictly taxable under during the year as being a gain arising from the employment.

Where an employee or his/her family receives meat or other produce from the employers business then no charge will be imposed for the purposes of Falkland Island taxation as long as the normal retail value of the goods concerned does not exceed £1000 in any tax year.

Explanation

There are several longstanding non-cash practices in Camp which, although taxable under the law, have usually not been declared for tax purposes over the years and have not been pursued by the Tax Department. To take into account the many years over which this had been a normal feature of the Falkland Islanders' way of life, these are hereby formalised into published practice. Anyone in business or employed in agriculture will not be taxed on goods they take or receive free of charge, so long as the value of these does not exceed £1000 per year. For the purposes of this calculation, slaughtered meat should be taken at the value of the full carcass, rather than the higher potential retail value after butchery.

The figure of £1000 per annum allows for meat to the value of £20 per week. This figure should be kept open for review in line with inflation, but it should be borne in mind that this represents in itself a valuable concession unavailable to people engaged in any other business.