



FALKLAND ISLANDS GOVERNMENT TAXATION OFFICE



Taxation at MPA for Employees (Tax Year 2020)

Employees (unless qualifying under S57 of the Taxes Ordinance as being in an 'Exempt Employment') are taxed based on their residency position for tax purposes:

- £15,000 Personal allowance for Income Tax if tax resident/ordinarily tax resident, otherwise apportioned on a pro-rata basis
- for Income Tax, next £12,000 at 21% and any remainder at 26%
- Benefit in Kind rules for accommodation, vehicles, travel etc

Employees recruited from overseas

The employer can apply to His Excellency the Governor (via the Tax Office) to be a **Designated Employer**. The application is heard at the Standing Finance Committee.

It is expected that applications will demonstrate how the employer exemption will benefit the Falkland Islands by reference to the Islands plan. The Islands Plan can be downloaded from <http://www.fig.gov.fk/assembly/public-papers/literature>.

Application forms are available by contacting the Tax Office directly.

Payment on Account of Tax liabilities will be expected to be paid up to the date that the exemption is granted. However, retrospective applications may be considered in which case any liabilities will be repaid.

A Designated Employer can employ exempt employees, which means the

- Employee does not pay Income Tax, MST or Retirement Pension Contributions (RPC) and
- Employer does not pay MST or Employers RPC in respect of those employees
- Employer does not have to file monthly POAT returns in relation to their exempt employees.

To qualify as Exempt the employee must

- be present in FI in the course of relevant employment and be in the employment of a designated employer **and**
- be entitled to be accommodated on MOD land e.g. at MPA or Hillside in Stanley **and**
- not be present in FI at time of recruitment for the relevant employment **and**
- not be present in FI at any time during the 3 months before recruitment for the relevant employment

'Relevant employment' means

- Employment **only** for the purpose of providing services in FI to HM Armed Forces or MOD, or only for the purposes of providing services to others who are themselves in relevant employment.

An exempt employee can move from one exempt employment to another within FI without losing their exemption.

The exemption order for current designated employers is effective until 31st December 2020. It is subject to an annual review at which point the exemption may be extended.

Designated Employers are required to complete an annual return detailing the amounts paid to their tax-exempt employees over the course of the year. These returns are sent out by the Tax Office in December each year.

This is a brief summary of the law and practice at the time of writing. It is not binding in law and does not affect your rights of appeal. You should bear in mind that the information offers general guidance on how the rules apply, but whether the guidance is appropriate in a particular case will depend on all of the facts. You should therefore consult the Taxation Office on how the rules apply in your own case.