



Residential Letting in the Falkland Islands

Tax Year 2019

Introduction

This leaflet provides some basic guidance on the treatment under Falkland Islands (FI) taxes legislation of income from property situated in FI which is let out for residential use.

If you have property situated outside FI which is let out for residential use, please contact our office for details, as the tax treatment is different for that income.

FI tax year runs 1 January to 31 December.

You need to declare to the FI Taxation Office details of your income from property situated in FI, no matter what your tax residency status is.

What expenses can I claim against this source of income?

FI has its own taxes legislation and any deductions given by non-FI tax authorities do not apply when calculating income for FI tax purposes.

Generally rental income is treated the same way as any other business income and the general principles for outgoings and expenses that may be deducted from business income are:

- they were incurred during the relevant accounting period;
- they were incurred wholly and exclusively for the purposes of the business; and
- are not of a capital nature.

A set of accounts showing how you have arrived at your net taxable profit should accompany your relevant tax return. An example profit and loss account is shown below:

Income from property at XXX for the period 1/1/19 – 31/12/19

Gross		£6,000
Expenses	House insurance	480
	Mortgage interest	500
	Service charge	438
	Repairs & maintenance	100
Net profit		£4,482
Depreciation		£ 200
Net taxable profit		£4,282

Capital expenditure (e.g. building improvements/alterations, assets) - may be eligible to depreciation allowances, please contact our office for further details and/or a copy of our guide on Depreciation Allowances.

Property not rented for whole period – only expenses incurred during the time the property was rented can be claimed. Expenses incurred whilst you were actively seeking a tenant and/or when the property was being prepared for rental may be considered.

Whole property not rented – only expenses incurred wholly and exclusively for the rental income are allowable, for example, if you have a 2 bedroom house with a kitchen and living room and you have a lodger who shares the house with you, generally you can claim ½ of the general house costs e.g. heating, electric, service charge.

UK / FI Double Taxation Agreement

FI holds one Double Taxation Agreement, with the UK. Under Article 6 of that agreement, FI has primary taxing rights where property that is owned by a resident of UK is situated in FI.

If your FI property income is subject to UK tax, UK should recognise any FI tax already paid on this income.

Please note

This paper is intended to give only broad guidance, and is not intended as a statement of law. The points covered in this paper reflect current tax practice at the time of writing. Special rules exist to deter tax advantages being gained by dealings between connected parties.

Questions and further information

If you have any questions or need more information on this subject, please contact our office. Alternatively you may wish to seek professional advice e.g. from a lawyer or accountant.

FIG Taxation Office	Tel	(+ 500) 28470
St Mary's Walk		
Stanley	Email	general@taxation.gov.fk
Falkland Islands		
FIQQ 1ZZ	Public opening hrs	Mon to Fri 9am - 12noon (afternoon appointments by prior arrangement)