



Residential Letting Outside the Falkland Islands

Tax Years 2011 Onwards

Introduction

This leaflet provides some basic guidance on the treatment for Income Tax purposes under Falkland Islands (FI) taxes legislation of income from property situated outside FI which is let out for residential use (long term rentals).

If you have income from property situated in FI or the property is outside FI and let out for non-residential use (e.g. self-catering / holiday lets) - please contact our office for details on expenses/allowances you can claim.

Do I need to declare to the FI Taxation Office details of my income from property situated outside FI?

Yes, if you are tax resident and/or ordinarily tax resident in FI for the FI tax year (1 Jan – 31 Dec)

An individual's entitlement to allowances/deductions and chargeable income depends on their residency for tax purposes (please note this differs to residency for immigration purposes).

Resident – present in FI for a total of 183 days or more during the relevant tax year

Ordinarily resident – repeatedly resident in FI except for a temporary absence

What expenses can I claim against this source of my 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.

There are specific provisions regarding the letting of property situated outside FI for residential use. A 10% Wear and Tear Deduction (based on gross income) and general running costs can be claimed. No other deduction may be claimed for repairs to the building or for the provision, renewal or replacement of its contents or furnishings. An example of how to report your income from this source is shown below:

Income from property at XXX for the period 1/1/16 – 31/12/16

Gross		£6,000
Expenses		
	10% Wear & Tear	600
	Management fees	480
	Building insurance	200
	Gas safety check	100
	Mortgage interest	800
Net taxable profit		£3,820

Medical Services Tax (MST)

Income from property situated outside FI is not subject to MST.

Foreign Tax Credit

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

FI will give foreign tax credit for any non-FI tax paid on your property income, however we will require proof of the tax paid and written confirmation from you that it will/has not been refunded. The foreign tax credit will be limited to the amount of FI tax due on that source of your income under FI tax rates.

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, or any aspect of FI tax, please contact the Taxation 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 - 12 noon (afternoon appointments by prior arrangement)