

Guide for the Short Tax Return for the Year Ended 31 December 2020

Non-residents and Non-ordinarily Residents for Tax Purposes

This Guide has step by step instructions to help you fill in your Tax Return and the notes are numbered to match the boxes on your Tax Return.

Most of your questions will be answered here but if you need more help then please contact the Taxation Office:

The Taxation Office
St Marys Walk
Stanley
Falkland Islands
FIQQ 1ZZ

Tel +500 28470
Email general@taxation.gov.fk
Public opening hours: Mon-Fri
9am-12noon
(afternoon appointments by prior arrangement)

What should you do first?

Check this is the correct return you should be completing. This form is aimed at Falkland Island (FI) tax non-resident and non-ordinarily resident individuals who have income from:

- **within and/or duties performed in FI/FI waters/designated area**
- **business activities in FI**
- **FI property/land**

Non-resident – present in FI/FI waters a total of less than 183 days in 2020

Non-ordinarily resident – generally not repeatedly tax resident in FI

Important Note for Claiming Repayments:

Employees - in accordance with the Taxes Ordinance 1997, if you wish to claim a repayment of any excess taxes deducted from your 2020 employment income, your completed return must be received by our office by 31st December 2021 for any repayment to be made. A scanned copy can be sent to our office to meet the deadline, but the original is still required for our records.

You should contact our office to obtain a full return to complete and further details if you were tax resident or ordinarily tax resident for 2020 and/or any of the below FI income applies to you:

- **pension income**
- **savings/investment income**
- **family allowance income**
- **if you were 60 years old or over in 2020 and wish to make a worldwide income election**

What to do if you discover you have made a mistake?

If after sending us your Tax Return you find that you have made a mistake then let us know at once. You will only be penalised if your Tax Return is incorrect through fraud or if you had no reasonable excuse or if there is an unreasonable delay in providing corrected figures once they become known to you.

The penalties can be up to treble the difference between the correct tax and the amount that would have been due on the basis of the figures returned by you. You could also be prosecuted.

What the Taxation office does

When we get your completed and signed Tax Return we will calculate how much tax is due to be paid by you or repaid by us. We may make enquiries about the figures in your Tax Return and ask you to send us records that you used to fill in your Tax Return. We may also check your figures against any other details received from other sources.

How to fill in the Boxes

You should answer all of Questions 1 to 11.

- Write clearly using blue or black ink.
- Only write in the spaces provided.
- Only use numbers when asked for amounts.
- You may be asked to put a loss in brackets at some parts of the Tax Return.
- All income should be shown in Falkland Pounds.

Question 1

Were you an employee, or office holder or director or agency worker or did you receive payments from a former employer (excluding pensions)?

Remember that although your employer may have given you figures of your pay and tax deducted you are still responsible for what you put in the boxes at Question 1.

The word 'employment' is used in this Guide to include straightforward ordinary employment arrangements ("jobs") as well as directorships, offices and agency engagements.

The general rules for taxing income are that you should enter the amounts you **earned** in the year 1 January 2020 to 31 December 2020, even if received in a different year.

Money Payments

You should include the following as money payments in box 1.2

- Salaries, wages, fees, commissions, overtime, bonuses, and other contractual payments for services.
- Payments from third parties where the payment is made as a reward for services given in the employment. This includes tips and gratuities.
- "Gratuities", end of contract bonuses or other lump sum payments. These are all taxable. The Taxation Office applies special rules (extra statutory concessions) to "gratuities". Contact the Taxation Office for further details.
- Payments that are not directly for services but that are directly connected to your employment e.g. payments for changes in working conditions.
- Payments received while working for an agency.
- Payments you get for restricting your activities in some way (e.g. Restrictive covenants).

box 1.1 - Enter your Employer's name.

box 1.2 - Enter the amount earned from your employment. The list shown above at Question 1 includes some of the more common items that should be included. Remember the sum entered here should be the Gross amount before POAT, Retirement Pension Contributions, MST or Pension payments.

If you are not sure whether to include a payment then contact the Taxation Office or your adviser for advice.

box 1.3 - Enter the POAT deducted by your employer. 'POAT' means 'Payments on account of tax' – these are the payments deducted by your employer each week or month. This can be found on your Certificate of Tax Deducted or from adding up the tax deducted from your payslips.

box 1.4 - Enter any tips or other payments that you may have received and that have not been included in your Certificate of Tax Deducted or in box 1.2 above.

Second employment

Enter here the details of any further employment, if you had more than one during the year. This may have been a second job, casual wages, or when you left one job and started another. The information required is exactly the same as for the main employment shown above.

More than two employments

You should take a photocopy of this blank page and enter the information of other employments

on the photocopy; or write the same details on a piece of paper and attach it to your return.

box 1.9 - Tick this box when you have filled in the details of any remaining employments.

Question 2

Did you receive any Benefits in Kind (BIK)?

Boxes 2.2 to 2.9 do not apply to agricultural, horticultural workers, those engaged in oil exploration or exploitation works accommodated offshore, or crew members on board ships. Boxes 2.2 to 2.9 apply to everyone else.

If you make a payment to your employer for any of these benefits (“make good”) then this payment can be deducted from the value of the benefit that you report in boxes 2.2 to 2.9 and 2.11. If you pay more for the benefit than the values shown then enter “Nil”. No benefit can be reduced below Nil. If you pay more than the value of the benefit then the surplus cannot be used to offset other benefits.

If you have had any MST deducted by your employer directly from the BIK please enter details in question 1 under MST deducted.

box 2.1 - Enter your Employer’s name.

boxes 2.2 and 2.3 Furnished and unfurnished houses.

If you were not employed for the full year or this benefit was not available for the whole year then the annual value should be adjusted by dividing the benefit value by 365 and then multiplying this by the appropriate number of days (only applies to houses).

Do not include the amount of rent that you pay.

The value of the house provided is calculated on the number of rooms. If your employer provides you with a furnished house the benefit is £1,000 per room. The benefit for an unfurnished house is £750 per room. The maximum number of rooms that you need to include is 7. See below for the definition of a room. **Remember that you do not need to increase this benefit if you had your family living with you.**

You can then deduct the amount of rent that you pay to see if there is a benefit.

Example:

Your employer has provided you with an unfurnished 3 roomed flat (a bedroom, kitchen and living room). You pay your employer £250 per month for this. The property was only made available to you for the last 6 months of the year.

Value of property = 3 rooms x £750 x 6/12 months = £1,125

Contribution by you: 6 months x £250 = £1,500

Value - contribution = £1,125 - £1,500 = - £375. In this case the contribution exceeds the benefit therefore no overall benefit. Enter NIL in box 2.3.

Definition of a room:

The following are **not** treated as a room for calculating the furnished/unfurnished house benefits:

- Porch
- Bathroom or lavatory
- Hall or passage
- Garage or outbuilding
- Larder

The following **are** classified as a room for calculating the furnished/unfurnished house benefits:

- Kitchen
- Bedroom
- Living room
- Dining room
- Box room
- Any other room

box 2.4 Heating and/or Electric where you/your family have use of the whole property

Enter the set value of heating or electricity, or both, provided by your employer or at your employer’s expense.

This benefit is £500 per room up to a maximum of 7 rooms. If you were not employed for the full year or this benefit was not available for the whole year then the annual value should be adjusted by dividing the benefit value by 366 and then multiplying this by the appropriate number of days.

box 2.5 Board & Accommodation including heating or electricity (or both)

Enter the set value of any board and accommodation including heating or electricity (or both) provided by your employer. The daily value of this benefit is £12.50, subject to a maximum value of £4,000 for a full year.

This covers your employer putting you up in, for example a B & B or hostel accommodation, where you are provided with food and meals (board) and heating and electricity (or both).

This benefit is different from the furnished/unfurnished house benefits that are shown at boxes 2.2 and 2.3.

box 2.6 Board & Accommodation excluding heating or electricity (or both)

Enter the set value of any board and accommodation excluding heating or electricity, or both, provided by your employer.

The daily value for this is £9.50, subject to a maximum value of £3,000 for a full year.

box 2.7 Accommodation only

Enter the set value of accommodation only provided by your employer or at your employer's expense. This can apply where you have been provided with a room within a house, which you share with others, apart from family, which has not been provided for your sole use.

The daily value for this is £4.75 subject to a maximum value of £1,500 for a full year.

box 2.8 Board only

Enter the set value of food and meals provided by your employer or at your employer's expense.

The daily value for this is £4.75, subject to a maximum of £1,500 for a full year.

box 2.9 Heating and/or Electricity where you/your family have use of shared accommodation

Enter the set value of heating or electricity, or both, provided by your employer or at your employer's expense.

The daily value for this is £3.00 subject to a maximum of £1,000 for a full year.

If the benefit was provided as a result of your employment and your spouse or any children also lived there then the amount of benefit you enter should be increased by 20% for your spouse and 10% for each child. These increases apply to each of or a combination of the benefits: board, accommodation, heating or electricity

boxes 2.10 and 2.11 Vehicles

If you have been supplied with, or had made available to you, a company vehicle which you could or have been able to use for personal use then this is regarded as a benefit and therefore taxable.

If the vehicle has only been supplied or available to you occasionally then the charge is £40.00 per day up to 75 days per year.

e.g. Company vehicle available to you for 50 days per year then the benefit that you would enter under box 2.11 is $50 \times £40 = £2,000$.

If the vehicle has been supplied or available to you for over 75 days per year up to a full year then the value of benefit that you would enter in box 2.11 is £3,000.00.

box 2.12 Loans

If you have received a loan from your employer that is still outstanding at 1 January 2020 or take out a loan with your employer anytime during 2020 then complete boxes 2.12a to 2.12c

box 2.12a - Enter the start date of the loan if it was after 1 January 2020 or enter 1 January 2020 if the loan was in place before this date. Please enter the end date of the loan if it was before 1

December 2020 or enter 31 December 2020 if the loan is still outstanding after this date.

box 2.12b - Enter the total amount of the loan outstanding at the beginning of the year or when the loan started and then the total amount of the loan outstanding at the end of the year or when the loan finished.

box 2.12c - Enter the amount of interest paid and the rate of interest charged for the year on the loan, if any.

box 2.13 Travel

Tick the YES box if you have received travel, accommodation, etc wholly or partly paid for by your employer that was **not** wholly, necessarily and exclusively for the purposes of that employment. Full details will be obtained from your employer. If you travelled partly on business and partly on pleasure still tick the YES box and we will contact your employer for further details. Enter the amount if you do know the benefit received for travel.

boxes 2.14 and 2.15 Other Payments

If you received payment from your employer in a form other than money then tick the box and give details in boxes 2.14 and 2.15 Examples of these items are food, entertainment, achievement awards, vehicle spares, services in lieu of payments, etc.

box 2.16 - Tick here if you have attached details of any Benefits in Kind from more than one employer.

Contact the Taxation Office if you need help in calculating the amount of your taxable benefit.

Notes for Questions 3, 4 and 5

If you are unsure whether your activities are assessable as self-employment, partnership or property/land income then contact the Taxation Office or seek independent advice.

Accounts will normally be for a period of 12 months ending at 31 December 2020. In a continuing business the accounts should follow on from the previous accounts.

If you started in business or commenced activity in FI in 2020 you should draw up your accounts from that date to 31 December 2020 or the date the business or activity in FI ceased in 2020, whichever is earlier.

When you have prepared your accounts you should adjust the profit to produce the taxable profits.

Your taxable business profits are broadly the difference between:

- turnover, other business receipts, balancing charges and the value of goods taken for your own use **and**
- allowable business expenses and depreciation allowances.

If you were in partnership or jointly let property, you should show how you arrived at your profit share and only declare your profit share at the relevant question on the tax return.

Your accounts should be prepared using generally accepted accountancy principles. You should normally include a Balance Sheet drawn up at the last day of your accounts. For further advice on how to calculate your taxable profits, what you should include as turnover and what expenses are allowable for tax you can contact the Taxation Office or alternatively you should seek independent advice.

Profits, including profits from activities in connection with exploration, are subject to tax in FI.

In accordance with the tax legislation in FI you are required to deliver a copy of the accounts of your business (that is showing world-wide receipts and expenses and assets and liabilities) which include the period of activity in FI. In addition a copy of the trading accounts in respect of the period of activity in FI or if no trading accounts are available a profit statement setting out the results from the exploration activities carried on in FI.

Your tax return is not complete until you send in your accounts and the tax computation

Question 3

Were you in self-employment (but not in partnership and excluding income from property)?

You should answer 'Yes' to Question 3 if at any time during the year 1 January 2020 to 31 December 2020 you carried on a trade, profession, vocation or business in FI. If you were in partnership, go to Question 4. If your business was income from property/land, go to Question 5.

box 3.1 - Enter the name of your business, if you have one.

box 3.2 - Enter a description of the business.

boxes 3.3 and 3.4 - Enter the start and finish dates of the accounts for your self-employed business.

box 3.5 - Enter the net business profit as adjusted for tax purposes. It is not sufficient to say "per accounts". This should be the figure that you

claim is assessable to tax. If your calculation has produced a loss, show this in brackets.

box 3.6 - Tick this box when you have attached your business accounts and your calculation of how you arrived at the profit figure for tax purposes (Tax computation).

More than one source of self-employment income

You should take a photocopy of this question of your Tax return and enter the information relevant to the other sources of self-employment income or write the same details on a piece of paper.

box 3.7 - Tick this box when you have attached the accounts and tax computations for your other sources of self-employed income.

Question 4

Were you in partnership (excluding income from property)?

You should answer 'Yes' to Question 4 if at any time during the year 1 January 2020 to 31 December 2020 you carried on a trade, profession, vocation or business in FI in partnership with any other person. If you carried on this business on your own you, go to Question 3. If your business was income from property/land, go to Question 5. Your partner in this business should show their share of the partnership profit on their return.

box 4.1 - Enter the name of your business, if you have one.

box 4.2 - Enter a description of the business.

boxes 4.3 and 4.4 - Enter the start and finish dates of the accounts for this partnership business.

box 4.5 - Enter your share of the net business profit as adjusted for tax purposes. If your calculation has produced a loss, show this in brackets.

box 4.6 - Tick this box when you have attached the partnership business accounts, the calculation of how you arrived at the profit figure for tax purposes (Tax computation), and your share of it.

More than one source of partnership income

You should take a photocopy of this question of your Tax return and enter the other sources of partnership income on the photocopy or write the same details on a piece of paper.

box 4.7 - Tick this box when you have attached the accounts and tax computations for your other sources of partnership income

Question 5

Did you receive any income from property or land in the Falkland Islands?

Include only your share of the income from property or land.

Question 5 applies both to rental businesses with numerous properties and also to people who may simply have one property to rent or those who take in a lodger in their own home.

Sometimes the provision of furnished accommodation in your own home can amount to a trade that should be reported at Question 3 (self-employment) or if a partnership, Question 4. For example, a Bed and Breakfast or Guesthouse business should be treated as a self-employed source.

Income from property and land includes a broad range of income but specifically includes:

- Rental income and other receipts from land and property such as way leaves, the granting of sporting rights, waste tipping
- Premiums from leases
- Reverse premiums

If you are in any doubt about whether a particular sum is assessable to tax as income from property or land then contact the Taxation Office or seek independent advice.

box 5.1 - Enter the net taxable income from properties and land. This should be taken from accounts and your tax computations.

Enter the addresses of all of the properties that you received income from or are claiming expenses for. Put one property on each line. If there is not enough room for all of the properties then show them on a separate piece of paper.

Enter the name(s) opposite any of the properties of the person(s) with whom you jointly let that property.

box 5.2 - Tick this box when you have attached the accounts and tax computations for your share of income from all property and land.

Question 6

Did you receive any financial assistance from Falkland Islands Government relating to the COVID-19 pandemic?

Enter any financial assistance paid to you from Falkland Islands Government in relation to the COVID-19 pandemic

Question 7

Did you receive any other income that you have not already entered elsewhere on your

Tax Return or do you have any other additional information to provide?

Other taxable income received by you not already reported

boxes 7.1 and 7.2 - If you have any other income that has not been declared elsewhere in your tax return then enter this here.

Include any form of Trust or Settlement income including that as bare trustee, which you have not already reported elsewhere on your Tax Return.

Additional Information

box 7.3 - Enter any additional information that you want to give about your taxation affairs.

Please also detail any voluntary Income Tax you made to be used against your 2020 income.

For Income Tax the only allowance available is the Personal Allowance which is apportioned for individuals not resident and not ordinarily resident for tax purposes.

The only reliefs available are for charitable donations and compulsory Retirement Pension Contributions.

Question 8

The following reliefs are available against your income. Please complete relevant details.

boxes 8.1 and 8.2 - Enter the amount of donations made to approved charities and a description of whom those payments were made to. No deduction is allowed for each contribution made by you that totals less than £50 in the year. The list of approved charities can be obtained from the Taxation Office. Copies of the receipts are required.

box 8.3 - Enter the amount of compulsory contributions that you paid to the FI Government Retirement Pension Scheme. You can only claim relief for actual amounts paid in 2020. If you are an employee do not include the amount paid by your employer – only the amount deducted from your wages/salary. The amount you paid can be found on your Certificate of Tax Deducted from your employer, or you can add up the amount deducted as shown in your wage slips, or total the amounts paid from your bank account.

Question 9

Enter your dates of arrival and departure in the Falkland Islands / Falkland Islands waters during the year 1 January 2020 to 31 December 2020?

These details are required to calculate your entitlement to the Personal Allowance.

If applicable, enter a forwarding address so that any relevant correspondence (e.g. your assessment) can be sent to you.

Question 10

Please check/provide your details

Your name and address

Please ensure you provide your correct details on the return. Please use block capitals.

Contact details

We may need to contact you, so if you have a daytime telephone, mobile or fax number, or e-mail address that you would be happy for us to use then please enter it in the space provided.

Question 11

It may be calculated that you are due a repayment of tax.

Please indicate your preferred method of payment and provide the details requested so we can instruct the Treasury.

Any repayments of Income Tax will be offset against any liabilities of Income Tax before any repayment is made.

Please note that you cannot receive a UK sterling cheque if you are remaining in FI.

Question 12

Declaration

You are reminded that if you give false information or conceal any part of your income you may be liable to financial penalties and/or you may be prosecuted.

If you have had your Tax Return filled in for you by someone else acting on your behalf you must still sign the Tax Return yourself to confirm to us that, to the best of your knowledge and belief, it is complete and correct. This applies if you have paid for the services of an accountant or tax adviser, or simply had help from a friend or relative. Or submit signed authorization from you for the named person to sign on your behalf to this office.

If you are in **any** doubt about any aspect of your Tax Return or your taxation affairs then you should contact the Taxation Office or seek independent advice.

boxes 12.1 and 12.2 - You must sign and date your Tax Return.

boxes 12.3 to 12.5 - In exceptional circumstances someone else other than the taxpayer can sign a Tax Return.

If someone dies then an executor may complete and sign the Tax Return for the period from 1

January 2020 up to the date of death of the taxpayer.

For persons who are mentally incapable of understanding the Tax Return it may be signed on their behalf by a Receiver, Power of Attorney or equivalent appointed by an appropriate court.

If you are signing for someone else then enter the capacity in which you are signing at box 11.3. Enter the name of the taxpayer that you are signing for at box 11.4 and enter your own name and address at box 11.5.

Remember to attach all of the information that you have ticked as being attached and any additional information.

Send your completed Tax Return to

The Taxation Office

St Marys Walk

Stanley

Falkland Islands

FIQQ 1ZZ

The later of:

- on or before 31 July 2021
- or
- within 60 days of the date of issue

(Please see page 1 for details of deadlines for repayment claims)

The information in this Guide is written for your help and guidance. It is written in general terms and should not be regarded as a complete and authoritative statement of the law. If you have any questions or queries then you should contact the Taxation Office or seek independent advice.

If you call our office please have your Tax Identification Number (TIN), as shown on the front of your Tax Return, handy. Please use it in all correspondence with the Taxation Office.

The information declared in this tax return will be taxed using the allowance and tax rates shown below:

Personal Allowance for Income Tax	£15,000
(full amount)	

Income Tax Rates

First £12,000 of net chargeable income	21%
Any remainder	26%

