

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Exemption of Police and Fire bounties from Income Tax
Paper No: 272/10
Date: 25 November 2010
Report of: Taxation Officer / Commissioner of Taxation

1.0 Purpose

To present to Honourable Members an amendment to section 57 of the Taxes Ordinance 1997 to exempt Police and Fire bounties from income tax.

2.0 Recommendation

It is recommended that Honourable Members:

- (a) approve the exemption of Police and Fire bounties from income tax
- (b) do not seek to implement the clarification in advance of the other legislative drafting priorities due to the workload of the AG's office.

3.0 Summary of Financial Implications

Reduction income tax:

	2010/11	2011/12	Full Year
	£	£	£
0609-0185 Personal Tax	(714)	(714)	(714)

4.0 Background

- 4.1 Currently only the Falkland Islands Defence Force (FIDF) bounty is exempt from income tax under section 57 of the Taxes Ordinance 1997. On discussion with Honourable Members on Medical Services Tax (MST) it was agreed that the FIDF, Police and Fire bounties should be exempt from MST. In addition, it was suggested that Police and Fire bounties should be made exempt from income tax on the same basis as the FIDF bounty.
- 4.2 From a tax office point of view of assessing income tax and MST it would be much easier and less open to error if all bounties were treated the same for income tax and MST.

5.0 Proposed amendment

5.1 Police and Fire bounties

To exempt Police and Fire bounties from income tax it is proposed to add a sub-section (r) under section 57 of the Taxes Ordinance 1997, applying from 1 January 2011.

6.0 Financial Implications

The summary of financial implications at paragraph 3 is based on the bounties paid to the Police and Fire department staff for 2010, calculated at 21 percent. There is a minimal reduction in income tax revenues.

7.0 Legal Implications

Addition of this amendment to the Taxes (Amendment) Bill, which was agreed at EXCO in August 2010.

8.0 Human Resources Implications

None