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## Shearing Allowances

Until 2021 (year of income 2020) the Tax Office have allowed a number of approved claims for a shearing allowance at the rate of £33 per 1,000 sheep. For less than 1,000 sheep shorn, the allowance is apportioned.

Each year individuals can choose not to claim the allowance and can submit copies of receipts to claim actual costs under section 58 of the Taxes Ordinance 1997. If claiming under s58 any expenditure which is deemed capital is not allowable.

A review of this rate was completed in 2021 and it has been approved that the allowance figure would be recalculated for any assessments completed in 2022 for the year of income 2021 to reflect the increase in costs over recent years.

### **The revised allowance is £65 per 1,000 sheep**

To be able to claim this deduction taxpayers must complete their tax return in full using the gross amount received for shearing and then include a note in section 9.4 of their return confirming the number of sheep shorn and the allowance claimed. The Tax Office will then review this claim and allow the deduction if approved.

#### Example 1

11,505 sheep shorn during 2021.

The allowance due is therefore  $\frac{11,505}{1000} \times £65 = £747.83$

£748 then gets deducted from the taxpayers shearing income

#### Example 2

875 sheep shorn during 2021

The allowance due is therefore  $\frac{875}{1000} \times £65 = £56.88$

£57 then gets deducted from the taxpayers shearing income.

Please note that this allowance is an office concession only which may mean that it is removed in future tax years.