



TAXATION OFFICE

FALKLAND ISLANDS GOVERNMENT
ST. MARY'S WALK
STANLEY
FALKLAND ISLANDS



POAT DEDUCTIONS – APPLICATION OF RATES

As an employer it is your responsibility and obligation to deduct Payments On Account of Tax (POAT) from your employee's salaries. There are different rates of POAT that can be applied to an individual's salary – which rate to apply depends on a number of factors such as period of pay, whether they are paid weekly or monthly etc.

If you employ an individual who already has a main job you should deduct POAT at 20%.

The first £12,000 is the tax free personal allowance, the next £12,000 is taxed at 20% and anything thereafter is taxed at 25%. There is no longer a married man's allowance, therefore you should apply tax the same to married or single people.

Non-residents employed on a short-term basis should have POAT applied at the rate of 20%. This is to ensure that they are covered for any tax due at the end of the year – it is conceivable that they may not be eligible for Falkland Islands tax allowances and any income they receive would then be taxed without the benefit of any deductions.

Following is an example of a situation where POAT should be applied:

Example 1
Married Man
Monthly Salary £1,500
Employed long-term
No other employment
F.I. Resident

Therefore the correct rate of POAT to apply would come under the Monthly Paid page on the tax tables. In this case POAT in the amount of £100 should be deducted from this individual's monthly salary.

Example 2
Married Woman
Weekly Salary £170 (Part-Time)
Employed long-term
No other employment
F.I. Resident

In this case the Weekly Paid page on the tax tables would be used. Therefore the amount of POAT deducted from this individual's weekly salary would be Nil because earnings under £230.77 are non taxable.

Example 3
Single Woman
Monthly Salary £3,500
Employed long-term
No other employment
Non-Resident

This woman is not resident in the islands but is employed and working in the islands on a long-term basis. Normal rates of POAT can be applied as she will in all probability be either on contract or intending to stay in the islands. Under the Monthly Paid rates, POAT will be deducted in the amount of £575.

Example 4
Man
Weekly Salary £500
Employed short-term
Also has employment outside the islands
Non-Resident

This man is not resident in the islands and is employed on a short-term basis. POAT should still be deducted at the rate of 20%, coming to £100.00.

Example 5
Woman
Weekly Salary £270
Employed long-term (part-time)
F.I. Resident

In this situation £7.80 POAT is deducted.

Example 6
Single Man
Monthly Salary £600
Employed long-term
No other employment
F.I. Resident

This individual's salary is below the minimum for deduction of £1001, therefore nothing is deducted.