

## **Guide to Income Tax Allowances**

### **Guide No.2 in the Tax Guide Series (This guide will be updated as allowance rates change)**

#### **About This Guide**

This Guide has been prepared to help you understand the income tax allowances that are available from 1st April 2011. If you still have some questions after reading this guide, please call into the Income Tax Office.

Note: This guide will be updated as rates change. Please contact the Income Tax Office to confirm the information is up to date.

#### **1. Who is entitled to claim an income tax allowance?**

Only an individual person is entitled to claim an allowance. Companies, trusts or other taxable organisations are not entitled to any allowances.

#### **2. What types of allowances can be claimed?**

The allowances that will be available to an individual person after the Income Tax Ordinance take effect on 1st April 2011 are:

- Personal Allowance;
- Superannuation and Pension Allowance;

#### **3. What is the Personal Allowance?**

A personal allowance is actually the amount of tax free income a person can earn in a tax year. Only individuals get a tax free allowance, a company pays income tax on all of the profit.

The allowance is available only to residents; non residents will not be entitled to a personal allowance.

#### **4. What is the amount of Personal Allowance?**

The amount of the Personal Allowance for the year commencing on 1st April 2011, is £7,000.

#### **5. What happens if I don't use all my Personal Allowance?**

Not using your Personal Allowance simply means that you have not earned enough income to pay income tax.

From 1 April 2011 if you have a spouse or life partner and does not earn enough income to pay income tax, any unused balance of the personal allowance is not transferable to the other spouse or life partner.

**6. If I arrive in St Helena part way through the year, will I be entitled to the full personal allowance?**

No.

You must be resident in St Helena for a full year to get the full personal allowance. Granting a full personal allowance to someone who has not been living in St Helena for a full year gives them an unfair tax advantage. If you arrive or depart part way through the year the amount of allowance you are entitled to is one twelfth of the annual allowance for every month you are resident in St Helena. For example, a person who was resident in St Helena for 9 months of the tax year would be entitled to deduct 9/12 of the amount of allowance due for that tax year.

**7. What is the Superannuation and Pension Allowance?**

A Superannuation and Pension Allowance is a little different from other allowances because the amount a person can claim is dependent on how much is contributed to an approved Superannuation and Pension Fund.

No allowance can be claimed unless the fund is approved by the Commissioner of Income Tax.

There is no limit on how much a person can contribute to a fund but there is a limit on how much can be claimed as an allowance. This limit is 20% of income from employment or net profits from self employment or business, subject to an upper limit of £20,000.

**8. How do I claim an allowance?**

Allowances for employees are normally incorporated into the tax code issued by the Income Tax Office for PAYE. If you feel your tax code may be wrong please feel free to contact the staff of the Income Tax Office any time during the tax year.

For self employed and business people, you claim your allowance when you file your annual income tax return.

**Government of St Helena**  
**Income Tax Office**  
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