

**Annex B: Feedback during the Consultation Period on the 2019 Tax Proposals and updates made - February 2019**

Feedback from:	Tax	Feedback	Changes proposed	Drafting
Public Consultation	Income Tax	£1000 threshold for gift aid on charitable giving is an awful lot of money for people. £500 would be better targeted.	Change £1000 to £500 so all donations greater than £500 are included within the scheme.	11A.(1) (d) removed: £1000 11A.(1) (d) added: £500
Economic Development Committee	Income Tax	Want to ensure that there is no risk of depletion of the Consolidated fund.	Gift aid should be available to taxpayers only so that it is purely a tax back scheme.	11(7) removed: If the tax credit allowable under subsection (5) exceeds the amount of income tax for which the individual would, but for this section, have been liable on his or her chargeable income for that year, that individual is entitled to claim payment from the Commissioner of an amount equal to that excess. 11A. (3) added: The amount of gift aid claimed by an organisation.. <u>must be limited to the lesser of £5,000 or the amount of tax payable by that individual during the relevant year (after taking into account any credit under subsection (5)).</u> 11A. (4) added: <u>and must submit in respect of any such eligible donation a gift aid declaration by the donor in the form approved by the Commissioner.</u> 11A. (5) added: such tax credit <u>must be limited to the lesser of £2,000 or the amount of the tax so chargeable.</u> 11A. (6) added: An individual who wishes to claim the credit under subsection (5) must submit a declaration

				in the form approved by the Commissioner <u>with</u> in his or her tax return for the relevant tax year.
Chamber of Commerce	Income Tax	A few years ago SHG set to streamline taxes but are now making it more complicated.	No change. The intention to promote business activity particularly in SEDP sectors is what we are being led by here.	
Government Economist	Income Tax	Secondary processing of locally grown produce should be included in list of sectors to match Investment Strategy	Add to sector list	6. (c) (vi) added: or the processing of locally grown produce;
Executive Council	Approved Investment Status	An Approved Investment Committee which includes an elected member should approve the certificates where an investment is less than £1m.	Updated	3. (1) changed: There is established a Committee, to be known as the <u>Approved Investment Committee</u> , to administer the Approved Investment Scheme under these Regulations. 3. (3) (e) added: a representative of the Economic Development Committee;
Chamber of Commerce	Approved Investment Status	What is the timeline for getting certification? Surely it will be too long?	No change. Under £1m, certification can be given at Committee level which will have a standing meeting time every 2 weeks. Over £1m investments will have a longer time period as a result of needing EXCO approval – more likely 6 weeks; assuming all the application paperwork has been completed and submitted to ESH.	

Chamber of Commerce	Vacant Property Tax	Can the charge not be done on an m2 basis?	No change. A change was considered, using the m2 thresholds outlined in the Land Development Control Ordinance. However, on advice from the drafter, this would need some thought regarding how this could be implemented and effectively monitored, so this is something to consider next year.	
Financial Secretary	Vacant Property Tax	We need to be clear regarding a hotel whether it is per room or not.	A hotel will be considered as one building.	4. (4) added: For purposes of subsection (2)(a), the occupier of any property falling in Class C1 of the definition of "commercial property" is deemed to be actively conducting a business in or from that property if the rooms are being advertised at market related rates based on the property condition and services provided by the hotel.
Public Consultation	Vacant Property Tax	Does this apply to land which has been bought but where there is no intention to build for a number of years, despite planning permission being granted?	No change. It is suggested not to include any development of this provision this year, but consider strengthening of this next year.	
Chamber of Commerce	Vacant Property Tax	The Planning Application states that the building must be started within 5 years of being granted. Can the draft be changed so that 2 years from construction starting be exempt?	It is suggested that land without a building is not included at this time. And that any property not being fit for occupation has 2 year exemption. This will add to what exists as a further 2 year exemption related to renovation.	6. (2) added: Any property not being fit for occupation having regard to the on-site facilities available on that property is exempt from the tax for a period of 2 years from the date of this Ordinance.
Public Consultation & Chamber of Commerce	Vacant Property Tax	This ought to apply to commercial accommodation businesses. If you are just doing the scheme for the	No change. It is suggested not to include any change of this provision this year, but consider looking at this next year. This is because we do not	

		proposed building class types, surely the scheme isn't cost effective?	have a mandate by EDC to include dwellings/residential properties. Next year we can consider including within the scheme eligibility for dwellings a) which are not lived in by their owner as their primary residence or b) which are not owned by someone with St Helenian status living abroad (limited to 1 property)	
Chamber of Commerce	Vacant Property Tax	What about timeshare properties?	No change. There are currently no timeshare properties on St Helena. Next year it could be considered that where there is a management company the responsibility falls to them. Otherwise, it could be suggested to add that each timeshare owner will submit a declaration and the conditions will apply on a pro rata basis.	
Chamber of Commerce	Vacant Property Tax	What about underutilised storage facilities?	It is suggested to add that a property classed as a storage unit which has less than 25% utilised floor space, would be classed as underutilised and therefore vacant for the purposes of the tax.	4. (2) (b) added: in the case of property falling in Class B1 of the definition of "commercial property" which is classified as use for storage, if less than 25% of the floor space of that property is being so used.
Public Consultation	Vacant Property Tax	All homeowners living abroad should have a tax allowance in St Helena specifically for when they rent out their property. This is to encourage rental (the carrot).	No change. At this time, we are not considering a tax allowance as it would be expected to cost £20,000 - £30,000 in revenues, and it does not align with our objectives to widen the tax base. It could be considered in future years.	
Chamber of Commerce	Vacant Property Tax	What about businesses going under?	The draft already allows for 9 months of the year to be empty but it is suggested than an exemption is included for bankruptcy (6	6. (2) added:

			<p>months) - from when the official receiver/insolvency practitioner is appointed and the property gets sold no charges will be due.</p> <p>And that for hotels, that the Tax Collector can decide to waive the fees if it is demonstrated that although empty, the hotel was marketing the rooms at a rate comparable to the market and property condition and services provided.</p>	<p>in the case of bankruptcy of the owner or occupier, for a period of 6 months from the date the receiver is appointed.</p>
Head of Property	Vacant Property Tax	<p>As well as debt collection, a charge can be raised against the property as so to ensure the debt is paid when the property is sold. This could prevent businesses or individuals becoming insolvent or bankrupt.</p>	<p>Change as proposed.</p>	<p>5. (3) added: and any outstanding amount of tax may be registered as a charge against the property under the Registered Land Ordinance, 1980.</p>