

Questions on Taxes & Allowances on St Helena

Guide No.12 in the Tax Guide Series

What taxes do you pay on St Helena?

Income tax - this tax is charged on the taxable income of a person from; employment, self employment, trade or business, property and capital gains

Service Tax - tax will be charged on any insurance service or telecommunications service

Withholding income - every withholding income payer shall upon making any payment of withholding income of a person (whether resident in St Helena or not) that is in the nature of interest derived from money's deposited with a financial institution at the rate of 10%

Why is residency important for income tax?

From 1st April 2010, St Helena will charged income tax only on income earned in St Helena, whether it is earned by a resident or non-resident. However, income tax for a resident will be calculated differently from how it will be for a non-resident of St Helena.

Non-residents will not be entitled to any personal allowance but persons who arrive part way through the year may qualify as a resident from the date of arrival and will then be allowed a partial allowance.

If I am treated as a resident for Income Tax, will I also be treated as a resident for immigration?

No.

All the laws of St Helena serve a different purpose and the application of any one Ordinance does not necessarily mean that there will be a similar outcome under a different Ordinance. It is necessary to consider each law separately as a person who is a resident for income tax may not necessarily be a resident for immigration purposes.

PAYE

What is PAYE?

PAYE (Pay As You Earn) means that you pay an amount of tax each month/week towards your year-end tax bill.

What types of allowances can be claimed?

The allowances available to an individual person are:

- Personal Allowance;
- Superannuation and Pension Allowance;

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 every £ of profit.

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

What is the amount of Personal Allowance?

The amount of the Personal Allowance is £7,000 per annum.

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 Personal Allowance.

How do I claim an allowance?

Allowances for employees are normally incorporated into the tax code issued by the Income Tax Office.

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. 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.

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 30% of income from employment or net profits from self-employment or business, subject to an upper limit of £20,000.

What should I do if I become an employer?

You should contact the PAYE Officer at the Income Tax Office when you become an employer where you will receive all the information you will need to operate PAYE.

What is Self-Assessment?

You assess your own tax owing, this is automatically done for you if you complete an Individual Tax Return or Company Tax Return

You can follow the following steps when assessing PAYE income:

1. You should receive a P5 form from every employer (employees pay and tax details for the year) at the end of a Tax Year.
2. Get your total income, take away your personal allowance to find out your chargeable income.
3. The chargeable income is calculated at 25% and this will give you your tax due for the year.
4. Compare your tax due to the tax you have paid.
5. You will need to lodge a Income Tax Return if you are entitled to a refund or need to pay more tax.

What is the current tax rates?

26% on any chargeable income up to £18,000 then 31% on any remainder of chargeable income

25% on any profit of Corporation Tax

10% on Capital Gains

10% on Withholding Income (Withholding Tax)

10% on Taxable Services (Service Tax)

