

**Chandrawat  
& Partners**

Guide to do business in

# **FALKLAND ISLAND**





## FALKLAND ISLAND

## ADVANTAGES

The Falkland Islands, also known as the Malvinas, is a British overseas territory in the South Atlantic Ocean. They are located approximately 300 miles (480 km) east of Argentina and about 8,000 miles (13,000 km) from the United Kingdom. The archipelago consists of two main islands, East Falkland and West Falkland, and over 700 smaller islands.

The Falkland Islands have a population of around 3,500 people, and their economy is primarily based on fishing, agriculture, and tourism. The islands are also home to a large number of sheep, which provide wool for the local economy.

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The Falkland Islands have a small but stable economy with a number of advantages for businesses looking to establish a presence there. Some of the advantages of doing business in the Falkland Islands include:

### **Low taxes**

The Falkland Islands have a simple and straightforward tax system with low rates of tax. There are no corporate taxes or capital gains taxes in the Falkland Islands, and personal income tax rates are also low.

### **Favorable business environment**

The Falkland Islands have a stable political and economic environment with a strong legal framework for businesses. The islands have a small and accessible government, which makes it easy for businesses to engage with the authorities.

### **Strategic location**

The Falkland Islands are strategically located in the South Atlantic, providing easy access to markets in South America and beyond.

### **Strong support network**

The Falkland Islands have a strong network of support services for businesses, including banking, legal, and accounting services. There are also a number of business associations and chambers of commerce that can provide support and guidance to businesses.

### **Natural resources**

The Falkland Islands are rich in natural resources, particularly in the areas of fishing, oil and gas, and agriculture. This presents opportunities for businesses in these sectors.

### Corporate Tax

Corporate Tax applies to companies either resident in or with business activities in the Falkland Islands (FI). The FI has two rates of corporation tax. Profits up to a threshold amount of £500,000 are liable to Corporation Tax at 21%, with profits over £500,000 being subject to a rate of 26%.

The threshold amount of £500,000 is apportioned by the number of worldwide associated companies. Profits arising from activities in connection with oil exploration or exploitation (ring-fencing trade) are chargeable to corporation tax at the rate of 26%.

### Value Added Tax (VAT)

The Falkland Islands do not have a value-added tax (VAT) or any other form of consumption tax. Instead, the government relies primarily on income and corporate taxes to fund its operations.

### Individual tax

The Falkland Islands have a relatively simple and straightforward individual income tax system, with a single tax rate for all income earners. As of 2023, the tax rate is 26%. There is also a personal allowance of £11,500 per year, which means that individuals can earn up to this amount without paying any income tax. Additionally, there are a number of deductions and credits available, such as for charitable donations and pension contributions.

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The Falkland Islands have a relatively simple and straightforward legal framework for companies. There are several types of companies that can be registered in the Falkland Islands, including:

#### Private limited companies

These are the most common types of companies in the Falkland Islands. They have a separate legal personality from their owners, and shareholders have limited liability for the company's debts.

#### Public limited companies

These are companies whose shares are traded publicly on a stock exchange. They have the same legal structure as private limited companies but with additional requirements for transparency and accountability.

#### Limited liability partnerships

These are partnerships where each partner's liability is limited to their investment in the partnership. They are typically used for professional service firms such as lawyers or accountants.

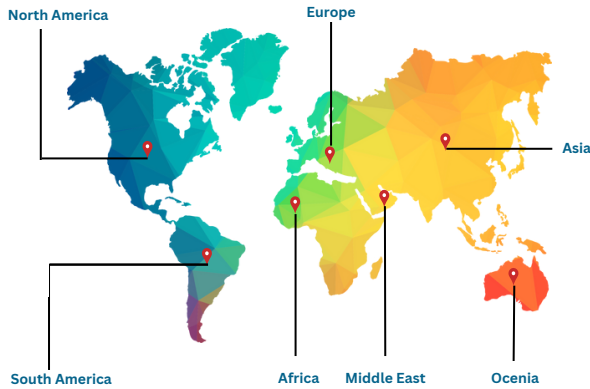
#### Sole proprietorships

These are businesses owned and operated by a single individual. They are the simplest and easiest type of business to set up, but the owner has unlimited liability for the business's debts.

#### Branch offices

Foreign companies can also establish a branch office in the Falkland Islands to carry out business activities. The branch office is treated as an extension of the foreign company and is subject to the same regulations and tax laws as other companies in the Falkland Islands.

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