C. S. O.

0542/A.

272/46.

0542/A

(Formerly)

SUBJECT:

FALKLAND ISLANDS WOOL CLIPS.

Wool Tax.

CONNECTED FILES.

NUMBER AND YEAR.	
272/46	Export Tax on Wool.

DESPATCHES AND TELEGRAMS.

To S. of S.			From S. of S.		
No.	Date.	Page.	No.	Date.	Page.

EX. CO. MINUTES.

Date.	Page.	
18 5 48	11.	Wool Tax instead of ad valorem duties
9 6 48	14	Increased Wool Tax instead of ad valorem duties

C.S.O. No.....

Inside Minute Paper.

Sheet No. 3

wool.

2. Ldd II/7 shows an estimated £9000 from wool in 1948. There seems every reason (see that H.M.G. are no longer buying at the fixed price of 12½d) to adopt a sliding scale for export duties on wool thus:-

Price up to 1/- per lb. duty ½d per lb.
- - - 1/6 - - - 1d - -
- - - 2/- - - - 1½d - -

and so on, with ½d per lb. added for each 6d.

Gr:-
up to 1/- — ½d
2/- — 1d
3/- — 1½d
4/- — 2d
cf.

3. Even this is light enough. But at present wool prices (average 3/7) duty would be 3½d a lb. Which on a clip of 4½ million lbs. would come to £63,000.

4. This is so sensational that it looks as if something must be wrong. All that I can see wrong is that we haven't had legislation ready for the 1947/48 clip (I don't suppose we can introduce it retrospectively, are?).

5. But we shd. be ready for 1948/49.

[If we stick to present % age duty of (£1/- per 25 lb. when wool is 1/- a lb.) the rate works to (about) 4% of 3/7 = 1.6d per lb. giving a revenue of upwards of £30,000 instead of £9,000]

ABL
20/4

#4 O.P.

A

x I think the snag is on grading and we must have further information as to how one cost is [illegible]. I don't think the average figure has [illegible] [illegible] top figures; one or two [illegible].

But the [illegible] capital duty is universally [illegible], yet is [illegible] any other produce, and should be [illegible], is [illegible]. What we need is a return of the prices paid to [illegible] figures.

MC. 29/11

YE.

B

x That is so: I have not ever lost the fact that cost is graded by category (i.e. 'skirtings' 'bellies' etc. &c.) as well as for intrinsic fine-ness. But an ad valorem duty based on average price is calculated to improve general quality: as indeed is the present one of 1/- per 25 lbs. because the better the cost produced the more the profit after duty is paid.

2. I understand that Dunnose has sold an average of 2/9. Their cost is not supposed to be v. fine.

3. Is YE. prepared to mention in Ex. Co. yet? e.g. on 10.5.40 with Mr Baker present?

OP. I think we want more information first and I should like to see the scale worked out on say the last two years' returns.

It should not be overlooked by those who advocate soaking the farmer more heavily that he is paying in addition to duty on cost (a) personal income tax and (b) companies tax. ? Also that ~~unfairly~~ the whole of the Colony's revenue is at the moment derived from this one source. My feeling [illegible] increase should be of a non-revenue order [illegible] against completion of approved schemes and [illegible] the greater productivity of the land.

2. As to para 3 — No, but not because Mr Butler [illegible] be present.

MC 6

Y.E.

Both Mr L. Lewis & Mr J. Bonner have spoken about this since they were in. I spoke S.O.A. and contemplate a cost tax increase with equanimity instead of increased ad valorem duties because the latter will be used as an argument by ~~S.A.~~ F.I.L.F. for increase in C.D.L.B.

2. Their objection to ad valorem duties is not to them as such but because of X. 'Taxation without representation' is more a cry than

X

6

No.

(It is requested that, in any reference to this minute, the above Number and the date may be quoted).

MINUTE.

19

To

From

Stanley, Falkland Islands.

a serious argument, I think: & could be dismissed if one then certain proposals materialise (as to which I am getting the pp.).

2. I know Mr's views but they seems to be seen in this — except for S/S's instruction in 1946.

3. In any case, Mr is seeing Mr Benner at 3.30 pm. & I am getting up the pp. & nos.

[illegible]

Discussed with Mr. Benner who confirmed as to X on reverse. I pointed out that such a proposal would be, politically, a very good move on the farmers' part and advised that the suggestion should come from them; they are going to consult their 'Western' colleagues whose views may be otherwise. I pointed out too that this would not affect Govt's views with regard to (a) increase on wines and spirits (? and tobacco) or (b) income tax. So far as I can gather no farmer has received anything else the prices quoted in CO telegram with a

7

A

Sliding scale ~~duty~~ equal duty (which I favour in any case on principle) would have to be assessed on the average for the entire clip – i.e. main clip? Let us have proposals worked out for them. I am seeing Mr. Roberts this morning and will discuss. This std. be kept temporarily confidential.

MC. 14

B

CS

I spoke to Capt Roberts – he confirms the views of the others as the grounds stated; I told him that my acceptance of such a proposal – wh. I welcomed – wd not affect IT or etc.

MC. 14

C

Yes.

1. Wool at 2 of 0.5742 an average price of 22.44 d. when the maximum was 37 d. & the minimum 17½? It will be more like 30? not?

Calculating on £/0

2. Present tax is 1/- for 25 lb. works out at about 4%. The selling price when wool is 1/- a lb. Thus here taxes a shade it will be 3%.

8

No.

(It is requested that, in any reference to this minute, the above Number and the date may be quoted).

MINUTE.

19

To

From

Stanley, Falkland Islands.

A

3. We might work it on % ad valorem basis: on an assumed average of 30s duty comes to then 1.2s per lb. This is v. light, & I incline to a simple ad valorem scale on the lines of £2 of 3. On a 30s per lb. average that wd. mean an Export Duty of 2s: & it comes being in a formidable revenue (about £32,000 – 36,000).

4. We might keep Wbacco up in sleeves as a bargaining factor.

B

15.5

I think this is too heavy – we need to leave something in the farmers' pockets to put back into improvements; freight and marketing costs have to be deducted and we have increased Company Tax which I am disinclined to reduce.

What about the following

Price Up to 10d per lb	·25d	per lb
from 10d to 20d " "	·5d	"
" 21 to 30d " "	·75d	"
" 31 ~~and over 40d~~ "	1d	
" 41 to 50d	1·5d	
" 51 to 60d	2d.	

Now let us sit back & see what SOS proposes.

We should do quite nicely on that (£13,000 minimum) and could not be accused of "penal taxation", the margin just about equals class burns on ad valorem!

C.S.O. No.....

Inside Minute Paper.

Sheet No. 9

See A. B. & A

A

H.E.S.

This matter has been discussed with the C/K who foresees practical difficulties in regards sliding scale e.g. what will be the standard market price having regard to the various grades of wood. Pl. see 0595 – 15.

Wood cannot be graded here and the value given in funding certificates is based on the cost market cost of production.

2. The following amendment of the appropriate part of para 3 of Customs Order (105) 1948, to implement H.E.'s proposal is submitted.

P.50 of 1948 Orders.

"In wood the duty shall be assessed on the average United Kingdom market price Dem prevailing at the time of shipment and shall be 25 pence per pound for each unit, or part of a unit, of ten pence of the said market price."

3. It is respectfully suggested that a flat rate of duty of 2½% might meet the case and that reference should be made to grades subject to separate market prices being obtainable from Crown Agents' prices. Of course, the S.O.A. would agree to accept an average market price.

K.W.
17/5.

B

Y.E.

I have explained to C/C that the standard average price will be worked

10

out either by the average per farm
" " " " for the whole clip.

2. It anticipates no difficulty. It is for S.O.A. to say which they prefer?

3. 9 A & 23 Better assess on ~~average~~ average of season's prices, inspection of grades of wool?

4. Ex. Co. 'for comm'?

TS.

As to 1-2 there are, I think, only a few farms (Roy Cross, Port Stewart? — Capt. Roberts will be able to tell us) which get into the high figures and these will not affect the average greatly? I think the simplest thing is to note the total shipment per farm then divide this into the ~~total~~ gross value of sales and so assess.

Now to Ex. Co.

MC 18

Hon. Sec.
Hon. Dr. J.C. Hamilton
Hon. Mr. R.V.S. Winter
Hon. Mr. D.H. Roberts

7 JB. 18/5/48.
18.5.48
R.V.S. 19/5.

prior consideration, pl.

18/5/48.

8

Pl. copy [ ] to Mr Roberts

Done 20/5/48.

of the Ex. Co. minute includes early. I want MC to see prior to departure.

TS.

11

A

Extract from the minutes of a meeting of the Executive Council held on the 18th of May, 1948.

8. Wool Tax. His Excellency explained to Council that a wool tax had been suggested by certain sheep-farmers to take the place of the proposed ad valorem import duties: that he viewed the suggestion with favour, especially in the interests of the farmers themselves, and that if they decided to proceed with the appropriate amendment to the Order in Council in Legislative Council he would be prepared to accept a sliding scale export tax in substitution for the new ad valorem duties. *

L.V. Aldridge

Clerk of the Executive Council.

B

HE

I propose to have the effect of B & S prepared ready for incorporation in an amended O.I.C. before HE's return. We can then discuss it in advance of Leg. Co. with unofficial members. Decide what we are going to do.

2. x of A also — except for spirits & tobacco: though HE might consider a reduction in the duty on rum, because of its popularity in Camp?

20.5.

Yes — I wd. like to consider also tobacco as distinct from cigarettes but I'm afraid it is quite illogical.

* In following form.

When the selling price per lb. does not exceed 10d. .....
" " " " " " exceeds 10d but does not exceed 20d
" " " " " " " 20d " " " " 3d

MC 20

12

A

L.S.

Will you please prepare draft amendment to the Order in Council accordingly

B.

DHG for CJ
20/5/48.

M.C.J.

Draft with 1st amendment. — 12A

K.W.
21/5

C.

Clerks.

Circulate for 'w.o.' pc.

2. Hon. members will realise that no O.I.C. is yet being made. We are merely considering a possible amendment to O.I.C. 31/1948 dependent upon the decision taken about ad valorem duties.

The point is that Govt. will be prepared to accept some such proposal as substitution if moved by Hon. Non-Official Members.

25.5

D.

Hon. Sec.
Hon. Dr. J.E. Hamilton
Hon. Mr. D.W. Roberts
Hon. Mr. R.W.S. Winter
Hon. Mr. A.G. Barton

Circulated for your written opinion, pl.

DHG for C.J.E.C.
25.5.48

Hon. Cl.

I think there should be a bigger jump "when selling price exceeds 30s". Possibly even:-

Selling price 25s 1d per lb.
" " 30s 1½d per lb.

MC SMCO
26.5.

12A

Draft Amendment
to Customs Order (No.3) 1946.

That the words "on wool, for every 25 pounds or part thereof, one shilling," in paragraph 3 of the Order be deleted, and the following substituted:

"On wool

when the selling price per lb. does not exceed 10d. - .25 pence per lb.

when the selling price per lb. exceeds 10d. but does not exceed 20d. - .5 pence per lb.

When the selling price per lb. exceeds 20d. but does not exceed 30d. - .75 pence per lb.

When the selling price per lb. exceeds 30d. but does not exceed 40d. - 1 pence per lb.

When the selling price per lb. exceeds 40d. but does not exceed 50d. - 1.5 pence per lb.

When the selling price per lb exceeds 50d. but does not exceed 60d. - 2 pence per lb.

When the selling price per lb. exceeds 60d. - 2.5 pence per lb.

N.B. for Printer:-

Above should be set up with series of dots instead of repetition of words "When ... exceeds" and "but ... exceed".

A

N.L.S.

I agree with the scale on the draft.
? Shd. it not read "$\frac{1}{4}$?" rather than ".25 d?"
and so on since the weights and
prices are standard and sterling.

J.H.D. 26-V-48

Yes? Why? It is a simple arithmetical calculation.

B

H.C.S.

Agree in principle

27.5.48.

H.C.S.

C

Agree.

R.A. 28/5.

Difficult I think

W.E.

D

As transport, marketing & overheads generally remain the same I agree with x & 2 in principle.

2. On balance, I think the charge should be on the average price per farm & not on the whole F.I. clip. It is a little higher on the better farms but farms on the worse ones producing less good wool: a circumstance which may be due more to the variety of camp than to the efficiency of the farm.

28.5.

Now to Mr. Barton?

Yes. MC 8-VI

Hon. A.G. Barton 14

As in 12d pt

AG
C.P.C.
7.6.48

Hon. C.S.

The tentative suggestion on the part of a section of the S.C.A. that Export Duty on Wool might be increased temporarily to offset the loss in "ad valorem" duties (if cancelled) was never intended to do more than that.

Speaking as an individual, I will certainly not move the Draft Amendment in Council.

A.G.B.
8/6/48.

I do not quite follow the above having understood that it was a serious suggestion supported by e.g. Messrs Burns Philp. As such I have discussed it during my travels and found general support for the proposal. Capt. Roberts now says that FIC oppose the suggestion. The Budget must be balanced.

VI

D

Extract from the Minutes of meeting of the Executive Council held on the 9th of June, 1948.

5. Wool Tax. On the suggestion of the Honourable Unofficial Members Council advised that the proposed ad valorem duties should be dropped and that in their place the existing wool tax should be raised from 1/1 to 1/3 per 25 lbs. pending further consideration of the question of adopting sliding scale duties: and advised acceptance of the offer of the Honourable Mr. D. W. Roberts to move the appropriate amendment to Customs Order (No. 3) of 1948 in Legislative Council.

His Excellency concurred and ordered accordingly; he himself favoured a sliding scale tax and it was agreed that this should be further explored.

A.L. Aldridge

Clerk of the Executive Council.

No.

(It is requested that, in any reference to this minute, the above Number and the date may be quoted).

COLONIAL SECRETARY'S OFFICE
21 JUN 1948
FALKLAND ISLANDS

MINUTE.

15

A

21st June, 1948.

From Collector of Customs,

Stanley, Falkland Islands.

To The Honourable,

The Colonial Secretary,

Stanley.

I have the honour to inform you that following a request from this department, The Falkland Islands Company, Ltd., have forwarded a cheque for the sum of £2,048. 1s. 0d., in respect of the increased export duty imposed retrospectively on Wool exported from the Colony on and after the 1st of January of this year.

C. of C.

MC 23/6

C/C informs this covers all shipments to date - there may of course be further shipments before end of year.

23/6

B

C.S.

We must work out an alternative sliding scale export tax on wool on the 'nett'. Though personally I consider our present proposals entirely reasonable, if on the 'nett' - the steps will have to be closer together?

MC 23/6

16

A.

C.C.

See this file. Pl. prepare a draft early (as in B on 15) based on net prices of wool, & for similar nmetts to those contemplated in 12 A.

25/6

B.

H.C.S.

We spoke with His Excellency the Governor on this matter today pl. and agreed that to levy duty on the 'nett' value would present real difficulties.

2. A sliding scale as at 12a would be entirely fair and workable provided that any revised legislation carried with it provision for a 'certificate of sale' to be furnished to the Collector of Customs, in order that the true amount of duty might be levied, - i.e. details of prices realised.

C. of C.
28.6.48.

C.S.O. No.....

Inside Minute Paper. Sheet No. 17

A

V.E.

15-16

D on 14 increases returns by 25%. V.E. hopes to increase by 50% in 1949. At present prices 12 A would effect this if agreed with C/C that 'rett' prices (sliding scale includes, of course) would be most difficult to obtain: stick 'gross' would present little difficulty.

2. V.E. is going to speak to the S.O.A. remarks about this. See fr. the issue is 13 D § 2.

29.6

Wh. the industry can well afford on present prices; when the offer was made I had hoped to make good the loss on abolition of the rebate — we have only secured 50% of it.

Yes — I discuss that.

M.C. 30

B

V.E.

For instructions pr.

2. I suggest that L.S. shd. draft O.I.C. on lines for consn. in Ex. Co. based on 12a, gross prices, with provision for 'certificate of sale' as in 16 B. But V.E. may/later considers the question of time?

18.

A.

L.S.

As in my B para: 2 pt.

D.G.

9/9/48

B

A.G.S.

19 There with effect O.C. are amending Customs

20 Regs to bring into effect 12A and 11 in D&K (under)

2. There may be some difficulty in regards certification of signatures to the certificate of sale – in which the Hon the Roberts rendank could help.

3. Opportunity has also been taken to amend the Regs to provide for a landing certificate in respect of fallow etc.

Lib.

16/9.

C

C.S.

Take amendment to empower sliding scale into which has been ~~[illegible]~~ drafted?

L.S.

D

a.o.s.

Pl. see B above and 19.

W.H.

17/9/48

The Governor of the Falkland Islands and its Dependencies requests and requires in the Name of Her Majesty all those whom it may concern to allow the bearer to pass freely without let or hindrance and to afford him or her such assistance and protection as may be necessary.

Given at Government House,

Falkland Islands.

Order by His Excellency the Governor in Council

Under the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946.

Governor.

No. of 1948.

Gazz. 1943 p 87
1947 p 6

In exercise of the powers vested in him by the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946, and with the advice and consent of the Executive Council His Excellency is pleased to order and it is hereby ordered that:-

Short title

1. This Order may be cited as the Customs Order (No. 4) 1948.

Export duties on wool.

2. From and after the 1st day of January 1949 the following export duties on wool shall be payable in lieu of any duties payable prior hereto

"On wool

when the average gross selling price per lb. of the whole F.I. clip does not exceed 10d.	.25d. per lb
when the average gross selling price per lb of the whole F.I. clip ~~xxxx~~ exceeds 10d. but does not exceed 20d.	.5d. per lb
when the average gross selling price per lb of the whole F.I. clip exceeds 20d. but does not exceed 30d. per lb	.75d. per lb
when the average gross selling price of the whole F.I. clip exceeds 30d. but does not exceed 40d.	[illegible]

Export duties on Tallow Hides & Skins.

3. From and after the date of publication of this Order the following export duties shall be payable in lieu of any duties payable prior hereto:-

"On Tallow, Hides and Skins, two and half per centum of the selling price of such goods".

Rescission

4. The words "on wool, for every 25 pounds or part thereof, on-e shilling and three pence"and " on Tallow whether prepared from sheep or cattle, two and a half per centum of the average U.K./Continental market value at the time of shipment" in Clause 3 of Customs Order (No. 3) 1948 are hereby rescinded.

Original of 1948 at 13/14 in 0466 Imports & Exports legislation

19

Order by His Excellency the Governor in Council

Under the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946.

Governor.

No. of 1948.

Gazette 1943 p 87
1947 p 6

In exercise of the powers vested in him by the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946, and with the advice and consent of the Executive Council His Excellency is pleased to order and it is hereby ordered that:-

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"On wool

when the average gross selling price per lb. of the whole F.I. clip does not exceed 10d.	.25d. per lb
when the average gross selling price per lb of the whole F.I. clip ~~xxxx~~ exceeds 10d. but does not exceed 20d.	.5d. per lb
when the average gross selling price per lb of the whole F.I. clip exceeds 20d. but does not exceed 30d.	.75d. per lb
when the average gross selling price per lb of the whole F.I. clip exceeds 30d. but does not exceed 40d.	1d. per lb.
when the average gross selling price per lb. of the whole F.I. clip exceeds 40d. but does not exceed 50d.	1.5d. per lb.
when the average gross selling price per lb of the whole ~~xxxxxxxxxxx~~. F.I. clip exceeds 50d. but does not exceed 60d.	2d. per lb
when the average gross selling price per lb of the whole F.I. clip exceeds 60d.	2.5d per lb.

Rescission

43. The words "on wool, for every 25 pounds or part thereof, on-e shilling and three pence"and " on Tallow whether prepared from sheep or cattle, two and a half per centum of the average U.K./Continental market value at the time of shipment" in Clause 3 of Customs Order (No. 3) 1948 are hereby rescinded.

Originals of 19+20 at 13/14 in 0466 Imports + Exports legislation

Noted.

Submitted.

C.N.

30/11

Yes.

We have spoken about this at Staff. Draft D. Sec. L.S. has kindly prepared.

30.11

Issue.

Mc 30/XI

F.I. Ref: 0542/A.

21.

Copy in 0465/D

GOVERNMENT HOUSE,

STANLEY.

1st December, 1948.

FALKLAND ISLANDS.

No. 95. COLONY.

Sir,

120 in 0011/II

I have the honour to refer to my telegram of 10th June 1948 relative to an increase in the export tax on wool which I accepted in substitution for ad valorem duties as an interim measure pending the introduction of a sliding scale tax on this commodity. This tax is now embodied in Order No. 9 of 1948, made under the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946, six copies of which I forward herewith.

38 in 0465/D

2. The Resolution confirming the Order was adopted by the Legislative Council on 20th October 1948: it was opposed by three unofficial members, all being members of the Sheepowners' Association. The fourth unofficial member (not a member of that Association) was absent on account of illness and the resolution was carried by the official vote.

3. I had previously discussed the Order with the two senior unofficial members of the Legislative Council, both members of my Executive Council and acceded to their representations that no tax should be levied when the average gross selling price of wool did not exceed 10d per lb. In fact, the increase in tax per lb at the present selling price over the previous tax is infinitesimal and is such as the industry can well afford to bear; it is the principle of an increased share when prices are high that I was anxious to secure.

4. The Order also introduces a tax on hides and skins and varies the method of taxation of tallow from assessment on the average market price, which was difficult of ascertainment, to the actual selling price.

I have the honour to be,
Sir,
Your most obedient, humble servant,

(Sgd.) MILES CLIFFORD.

THE RIGHT HONOURABLE
ARTHUR CREECH JONES, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

PAL
7.12

DF

FALKLAND ISLANDS.

RESOLUTION

Customs Order (No. 4) 1948.

Whereas in accordance with Section 5B of the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946 Customs Order (No. 4) 1948 was submitted to the Legislative Council on the 20th of October, 1948.

And Whereas the Legislative Council amended the said Order.

It Was Resolved by the Legislative Council that Customs Order (No.4) 1948 as amended, be confirmed with effect from the 20th of October 1948, as follows :—

Order by His Excellency the Governor in Council.

Under the Customs Ordinance 1943 as amended by the Customs (Amendment) Ordinance 1946.

MILES CLIFFORD,
Governor.

No. 9 of 1948.

In exercise of the powers vested in him by the Customs Ordinance, 1943, as amended by the Customs (Amendment) Ordinance, 1946, and with the advice and consent of the Executive Council His Excellency is pleased to order and it is hereby ordered that :—

1. This Order may be cited as the Customs Order (No. 4) 1948. — Short title.

2. From and after the 1st day of January, 1949, the following export duties on wool shall be payable in lieu of any duties payable prior hereto — Export duties on wool.

"On wool

when the average gross selling price per lb. of the whole Falkland Islands clip does not exceed 10d.	Nil.
when the average gross selling price per lb. of the whole Falkland Islands clip exceeds 10d. but does not exceed 20d.	.5d. per lb.
when the average gross selling price per lb. of the whole Falkland Islands clip exceeds 20d. but does not exceed 30d.	.75d. per lb.
when the average gross selling price per lb. of the whole Falkland Islands clip exceeds 30d. but does not exceed 40d.	1d. per lb.
when the average gross selling price per lb. of the whole Falkland Islands clip exceeds 40d. but does not exceed 50d.	1.5d. per lb.
when the average gross selling price per lb. of the whole Falkland Islands clip exceeds 50d. but does not exceed 60d.	2d. per lb.
when the average gross selling price per lb. of the whole Falkland Islands clip exceeds 60d.	2.5d. per lb.

Export duties on Tallow, Hides and Skins.

3. From and after the date of publication of this Order the following export duties shall be payable in lieu of any duties payable prior hereto :–

"On Tallow, Hides and Skins, two and a half per centum of the selling price of such goods".

Rescission.

4. The words "on wool, for every 25 pounds or part thereof, one shilling and three pence" and "on Tallow whether prepared from sheep or cattle, two and a half per centum of the average U.K./Continental market value at the time of shipment" in Clause 3 of Customs Order (No. 3) 1948 are hereby rescinded.

Made by the Governor in the Executive Council on the 1st day of October, 1948.

L. W. ALDRIDGE,
Clerk of the Executive Council.

M.P. 0465.

0542/A

DECODE.

22

No. 58. **TELEGRAM RECEIVED.**

From SECRETARY OF STATE *to* GOVERNOR.

Despatched: 6. 1. 49 *Time:* 16.20 *Received* 7. 1. 49 *Time:* 09.30I

21

No. 4. Your Despatch No. 95. Export tax on wool. Enclosures (six copies of Order No. 9 of 1948) relate to Workmens Compensation Regulations 1948.

Reply at 23.

SECRETARY OF STATE.

P/L.
LJH.

F.I. Ref: 0542/A.

23.

SAVING TELEGRAM.

From: The Officer Administering the Government of the Falkland Islands.

To: The Secretary of State for the Colonies.

Date: 10th January, 1949.

No. 6. SAVING URGENT.

22. Your telegram No. 4 of 6th January, 1949. Export tax on wool.

21. Regret Regulation No. 2 of 1948 inadvertently enclosed with my despatch No. 95 instead of Order No. 9 of 1948.

2. Six copies of Order No. 9 of 1948 enclosed herewith.

GOVERNOR.

DMS.

A

24

Extract from Record of Conversation between His Excellency The Governor and Mr. H. W. H. Young, Managing Director, F.I.C. of 31. 12. 49.

WOOL TAX: He agreed that the Council had no legitimate grievance. We must therefore return to the attack with Barton at next Legislative Council meeting as he has impugned the good faith of Government.

.....

B.U. 10/4/50

Note.

Discussed with H.E. He will refer to this at the next S.O.A. meeting.

B.U. 24.5.50.

B.U. 12/6/50

B.U. 7/7/50.

B.U. 17/7/50

B.U. 27/7/50

B.U. 2/8/50.

H.E. has asked for mention at the S.O.A. meeting.

P.A.

25

III

Main Imports and Exports by value

Imports.

Item	1945	1946	1947	1948	1949	1950
Food, Drink and Tobacco	£48,648	£55,418	£80,298	£82,695	£58,202	£70,781
Raw Materials	25,780	50,284	60,282	38,042	35,625	59,085
Mainly Manufactured	88,625	110,419	98,060	165,379	134,926	197,393
Miscellaneous	1,426	5,438	6,636	7,126	5,726	1,115

Exports.

Item	1945	1946	1947	1948	1949	1950
Wool	£189,800	£231,700	£238,550	£277,900	£384,820	£242,956
Hides and Skins	9,061	14,175	12,821	23,930	– 63,878	– 19,419
Tallow	——	13,550	5,773	6,616	7,110	2,141
Seal Oil	——	——	500	——	——	——
Live Stock	——	——	——	——	2,000	1,201
Other Articles	4,762	34,488	7,050	12,938	914	5,310

Appendix III of Regional Report. (Original filed in 0430).

See 26.

EXTRACT FROM HIS EXCELLENCY'S OBSERVATIONS ON THE REGIONAL REPORT.

(Original filed in 0/30 - Parliamentary Reports on British Empire).

.....

Appendix III. Exports. Hides & Skins. What is the reason for the steep decline in revenue in 1950 when the value had risen equally steeply?

.....

C.O.
Can you explain, pls!
C.R.G.
Sec'y.
10 H 51

J.E.
~~H.O.S.~~

Due to the ad valorem duty on sale value of Hides & Skins, one cannot relate duty in a given year to a specific value shewn for exports. While i.e. the export value was £63,878 in 1949 and only £19,419 in 1950, duty collected in 1949 amounted to £627 and in 1950 £1,550 while an additional £379 was paid in 1951

in respect /

Z7

of 1950. Payments are not yet complete for 1950 due to lack of sale certificates.

B.N.B.
~~C. of C.~~
14.4.51.

14/4/51

Seen.

Note A on 24, for Leg. Co. in case this view is again put forward!

MC 16/IV

NCW

16/4

14/5/51

28

0542/A

CONFIDENTIAL.

26th July, 51.

Sir,

At the last meeting of Legislative Council in April of this year the Member for the West Falkland (the Hon. Mr. K.W. Luxton) suggested that the minimum average selling price for wool below which no export duty is levied should be raised from 10d. to 20d. for the reason that the cost to the farms of producing and marketing the wool had risen. Government agreed that in principle Mr. Luxton's argument had force but was unable to accept his amendment at short notice, requiring time in which to consider the matter fully.

2. While it would appear incontrovertible that the cost of producing and marketing wool has risen, it will be appreciated that if any amendment is to be made to the present export duty in the sense recommended by Mr. Luxton, the present actual cost to the farms of producing and marketing it is relevant. Any amendment would have to be justified to Legislative Council and to the Secretary of State for the Colonies and it is hard to see how this could be done without reference being made to this figure. At the same time it is appreciated that the figure of actual cost is one which the farms might understandably wish to treat as confidential.

3. I should therefore be grateful if you would seek the views of your Association on this subject, either on the possibility of advising as to the actual cost or for any other suggestions which they may wish to offer, in order that Government can give more detailed consideration to this matter.

I am,
Sir,
Your obedient servant,

(Sgd) Michael R. Raymer

COLONIAL SECRETARY.

The Secretary,
Sheep Owners' Association,
STANLEY.

VP

BW 10/8/51 15/8/51

29

Received by me 11/8/51

The Falkland Islands Sheepowners Association,
(LOCAL COMMITTEE)
STANLEY, FALKLAND ISLANDS.

7th August 1951.

COLONIAL SECRETARY'S 11 AUG 1951 FALKLAND ISLANDS

The Honourable the Colonial Secretary,
STANLEY.

Sir,

28 With reference to your letter 0542/A dated 26th July 1951, I am to inform you that the various Farm Managers propose to consult with their Owners on the matter, and a further communication will be sent to you in due course.

I am, Sir,

Your obedient servant,

SECRETARY.

Mr H.

11/8/51.

HCS
Yes 16/8 pl
13/8/51

30

Y.E.

I wrote p.28 because Government promised at the last meeting of Leg:Co:to give further consideration to Mr.Luxton's suggestion. My own feeling is that if the world price of export produce drops to a figure where there is sharp competition as between sellers then an export duty is bad since it may have the effect of hampering one's own people in selling their produce. At present that is not the case,but it might be the case in the future. When large profits are being made I think it is right that the state should get its rake-off by an export duty. Ours is carefully framed so that as the price drops the duty drops too,but I dont think there ought to be any duty at all below the cost price to the producer. It seems to me that we must know what that figure is,so I asked the S.O.A. Judging by p.29 they feel some hesitation about giving us the information. The ball is in their court,I think.

I agree.
HE 14/VIII

14.8.51.

BH
~~31/8/51~~
~~15/9/51~~
~~30/9/51~~
~~31/10/51~~
~~30/11/51~~
31/1/52.
~~31/1/52~~
29/2/52

MCS
A reply to page 28 is still awaited
MCS
29/2/52

We are in no great hurry. The ball is in their court.
29/2/52.

BH
30/6/52

31

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

28th. April 19 52.

The Collector of Customs.
Stanley.

Sir,

I have to advise you that an error has been made in calculating export tax on the 1950/1 wool clip which has been paid at the rate of 5d. per lb. instead of 4½d, resulting in an over payment of £9,101 - 14-7. ✓ checked

We request that a refund of excess tax may be made to us, and regret any inconvenience which may have been caused.

I am,

Sir,

Your obedient servant,

A. G. Barton.

Manager.

32

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

28th. April 1952.

The Collector of Customs.

Stanley.

Sir,

I enclose copy of specifications of 78 bales wool ex Keppel Island which arrived Stanley on 25th. January, 1951 and was shipped to Montevideo per "Fitzroy" on 26th. idem. This is the Keppel Island 1949/50 clip, tax on which is at the rate of 2½d. per lb.

Wool Landing Certificate shows the weight of these bales as 30,775 lbs. We therefore apply on behalf of Messrs. Dean Brothers Ltd. for a refund of tax @ 2d. per lb = £256 - 9 - 2.

I am,

Sir,

Your obedient servant,

A. G. Barton

Manager,

102.91.

No. 0542/A

It is requested that in any reference to this memorandum the above number and the date may be quoted.

33

MEMORANDUM.

COLONIAL SECRETARY'S OFFICE 2 MAY FALKLAND ISLANDS

2nd May, 1952.

From

THE COLLECTOR OF CUSTOMS,

STANLEY.

THE HONOURABLE,

THE COLONIAL SECRETARY,

Stanley, Falkland Islands.

SUBJECT :- REFUNDS FROM 1950/51 WOOL TAX.

31-32

I have the honour to forward herewith, two letters received from The Manager, Falkland Islands Company in respect of the 1950/51 wool clip. It is evident that this department and the F.I.C. have slipped up on the 1950/51 wool tax. The average price for this clip was 109.9 pence, therefore tax should have been levied at $4\frac{1}{2}$ per lb and not 5d per lb.

With reference to the second letter re 78 bales of Keppel Island wool shipped on the S/S "Fitzroy" on the 26th January, 1951, I am to inform you that this department was not given any indication that this wool was in respect of the 1949/50 clip at the time of shipment, and therefore Mr. Biggs was quite correct in taxing it as the 1950/51 clip

W J Grierson

Collector of Customs.

Treasurer
Do you agree to these refunds?
3/5

34

H.C.S.

A

Your minute at p. 33.

The vote for Refunds of Customs Duty is controlled by the Collector of Customs who must be the 'approving authority'.

In my capacity of Treasurer I authorise the issue of funds against vouchers submitted to me by the various officers controlling votes, in this capacity I have of course the right to query any proposed payment which in my opinion is not a proper charge against the Public Revenue.

With regard to the reclaim of £9101.14.7 ~~which~~ at p. 31. details of this have already been checked by me (at the request of C. of Customs) and the claim is in order. With regard to the second claim I have not checked but have little doubt but that it will prove in order.

B.

Re advice of Customs in terms of 4/7 c.s. herewith.

7/5

C. of Customs should submit vouchers to Treasury for checking he should also submit to you an A.D.S.E. to cover the overspending which will result from these claims.

6/5/52

ef. 0542/A.

Customs Department, 36

Stanley,

15th May, 1952.

Sir,

32 With reference to your letter of the 28th April, 1952, referring to 78 bales of wool ex Keppel Island shipped by the S/S "Fitzroy" on the 26th January, 1951, I am to inform you that under The Customs Order (No. 4) of 1948 as amended by The Customs (Amendment) Order (No. 2) of 1951, no refund of duty is permissible.

I am,

Sir,

Your obedient servant,

W. J. Greenan

Collector of Customs.

The Manager,
The Falkland Islands Company, Ltd.,
Stanley.

BU 30/6/52
(see 35)

MOS.

B. of B.

As at B on 34 Pl

7.5.

C/C

(32)

We spoke – in my opinion no refund is permissable as the law ~~stands~~ reads.

15/5

H.C.S.

Reference 31. A.S.S.E. submitted ~~at cover~~ to Treasury

" 32. F.S.C. have been informed accordingly copy of correspondence at cover.

HG

B of B.

15/5/32.

19/5

File corresp. at cover – shown B.U. for 30/5/32

19.5

3.7

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

21st May 19 52.

The Collector of Customs,
STANLEY.

36

Dear Sir,

We have for acknowledgement your No. 0542/A dated 15th May received yesterday.

Please confirm that if Keppel wool had been actually sold on, say 31st December 1950 it would have merited the duty payable on the 1949/1950 clip for the Colony i.e. 2.5d per lb; also that if sold on 1st January 1951 the duty applied would be that for the 1950/1951 season i.e. 4.5d per lb.

We have purposely exaggerated the hypothesis to add weight to our point of view, namely, that as the shearing season proper is from the end of November to the end of February, the shipping season from December onwards, and the selling season from March onwards (frequently extending into the following January), your Department should collect Export Tax at the average rate ruling for the whole of the season's clip regardless of when it is shipped or sold.

We shall be glad to receive your further comments.

Yours faithfully,

A. G. Darlow

MANAGER.

Reply at 41.

38

A

H.C.S.

37

Herewith second salvo from F.I.C.

I do not agree with the Managers point of view that this department should collect export tax at the average rate ruling for the whole seasons(clip irrespective of when it was shipped or sold. This Keppel Island case is an example of just what will happen if the Law is allowed to be read this way. Dean Brothers Ltd. kept their 1949/50 clip back, (purposely or otherwise) shipped and sold it during the following season at a much higher price and are now expecting to pay the 1949/50 rate of tax which is 2d. less than the 1950/51 tax.

I would appreciate further guidance on the subject, especially as to the legal term for season. In the Whaling Industry the season is made definite by a stated period, but I have been unable to trace what period the wool season covers.

C of C.
21/5/52.

B

C of C: Pse discuss with L of C & let me have your views.

C

C. of C.

1. The law certainly requires tightening.
2. I think Dean Bros should pay on the 1950/51 tax.
3. Dean Bros could have exported their wool during the 1949/50 season, or at least they have given no explanation for not doing so. At the time of shipment of the wool in question, I take it, the 1949/50 tax had been settled. Dean Bros should have declared the wool as 1949/50 clip and tendered the known tax, if they intended to insist that that tax should apply, not wait and see if the profit is favourable or not, and then dispute the 1950/51 tax for their own benefit.

Why should they? It is not a tax on wool it is an export duty

J.B.
Registrar
21.VI.52.

D

Pse p.p. with Mr. Leading Cus. Cases (No 2) of 1951. Mp to the raising of when does a wool season officially start?

046 batt

H.C.S.

D on 38, pl. Most Camp Stations commence shearing about 20th November - spoke H.A.O. who says that Farmers may commence shearing on any date they wish, i.e. they are not compelled by law to commence on any special date.

WDH.
21.6.52

C of C.
We spoke.
You are going to examine what position would be if this clip were grouped with 1949/50 clip
24/6.

H.C.S.

I find that in 1949 when the average price of wool exceeded 60 pence the maximum tax leviable was 2½d per lb. The 1949/50 clip averaged 66·265 pence per lb and was therefore taxed at 2½d. It was not until April, 1950 that the Amendment was introduced whereby the ½d for every additional 10 pence came into force.

C of C.
20/6/52

Y.H. From p.37.
I mentioned sometime ago that it appeared that F.I.C's claim had substance but I was concerned about other ramifications which did not appear on the surface. viz.

If the claim was valid then it was possible that by the deletion of the wool in question, from the 1950-51 clip the rate of duty on that clip might be affected possibly to our benefit possibly to the benefit of F.I.C.

F.I.C. have only recently submitted (25th July) figures which enabled me to check on this aspect. I have ascertained that the rate would not be affected but it is just on the borderline to the benefit of F.I.C. and I have little doubt but that if we admitted the present claim they would then come along with another one of about £9000 in respect of the 1950-51 clip - without going into detail I am certain in that event we could refute the [redacted] further claim.

40

With regard to a 'wool season' there is no legal definition – Our present tariff is based on "the average gross selling price of the whole Falkland Islands clip"

If see p. 28 0466 attached

I have never before come across such a loosely worded regulation:

Clip is not defined – we may however take it as being the clip for one season, leaving season still to be defined.

The average gross selling price cannot be ascertained until the whole of the wool is sold. Therefore if the Company care to keep 1 lb of wool unsold we could be told to wait for our money.

Again we have no enforcement officers to seal and register bales at clipping time so we are compelled to accept the firms word regarding what season a clip belonged.

The only let out I can see appears in draft letter at b.c. s.f.c. and I consider it essential that we have the clip defined on the lines appearing therein.

30/7.

C.S. I have redrafted opposite – what are your views on it?

2/8

Y.H. I would prefer we did not, unless forced, quote the Amendment Order of 1951. which smacks of retrospective legislation, and I still think we can rely on the 1948 Order.

I certainly prefer the form of your draft and have amended in pencil for your consideration.

2/8

Spoke AHH. Amendment agreed

41.

0542/A

6th August, 52.

Sir,

37. I am directed to refer to your letter of the 21st of May, 1952, addressed to the Collector of Customs and to state that the point as to whether the wool was sold on the 31st of December, 1950, or 1st January, 1951, is not material.

2. Starting from the 1948/49 season all wool shipped in the "season", i.e. from approximately December onwards, is deemed for the purposes of computing the average gross selling price and the consequent export duties, to belong to the current clip.

3. Were this not the case a person could for example, withhold one bale of wool from the 1951/52 clip, stating that he proposed to sell it in 1955, and thereby prevent the collection of any export duty during the 1951/52 season. This was clearly not the intention of legislature; and it is a legal axiom that when the law is susceptible of different interpretations, the intention of the legislature be applied.

I am,
Sir,
Your obedient servant,

(Sgd) J.E. Brascoe

ACTING COLONIAL SECRETARY.

L.L. To see re your minute at p.38.

7/8

Reply at 43

The Manager,
Falkland Islands Company, Limited,
STANLEY.

VP

42

H.C.S.

Seen, thank you.

J.G.
8/8/52.

P.A.
9/8

43

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

14th August 1952.

The Honourable the Acting Colonial Secretary,
STANLEY.

Sir,

41 With reference to your No. 0542/A dated 6th inst, paragraph 3 is not clear to us. If, for any reason whatsoever it was impossible or inadvisable for farms to ship their wool clip away from the Colony, no export duty could be collected. Similarly, if by reason of a slump in the market, all one season's clip was shipped but not sold, no export duty would attach to it because, not being sold, no average gross selling price could be computed.

I am, Sir,

Your obedient servant,

A. G. Barker

MANAGER.

pp. please
JB
14/8

Reply at 45

44

Y.H.

P.43 – Doesn't really call for a reply, but if you consider one should be sent I suggest we put our tongues in our cheeks – draft at b.c. O.f.w.

28/8

Colly:

You will note I have altered 'are' to 'appear' in my draft – reason: if they did not sell even 1 bale of wool after it was exported we are again prevented from arriving at the average gross selling price and we would have to again put on our thinking caps to get around.

C.S.

C.S. 1) I prefer 'are' – 'appear' makes us look not very sure of our ground.
2) I think the time has come to discuss an amendment with Mr Barton & tell him please do so at convenience
3) If we can get an agreed deposition with him which A.G. & C/Customs also agree on it will save a lot of argument in Exec.

28/8

Get W.

0542/A

45

30th August, 52.

Sir,

43. With reference to your letter of the 14th of August, 1952, I am directed to say, that with the insertion of the words "on the wool not shipped" after the word "collected" in the fourth line of your letter under reply, then the facts as stated by you are correct.

41. 2. The purpose of paragraph 3 of my letter No. 0542/A dated the 6th of August, 1952, was to show why it was necessary to define the clip as being that wool exported in a season.

I am,
Sir,
Your obedient servant,

(Sgd) J.E. Briscoe

Acting Colonial Secretary.

The Manager,
Falkland Islands Company, Limited,
STANLEY.

BV 25/9/52

Entered BV 15/10/52

RA 16/X

VP

46

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

11th December, 1953.

Sir,

CERTIFICATES OF SALE - PRODUCE.

With reference to Form E, Certificate of Sale, which we are required to forward annually under the Oil, etc., (Export) Regulations, 1948 which was the subject of conversation with the Collector of Customs in July 1952 -

To comply with the Regulations these Certificates should be completed by us in Stanley from account sales, sign them as exporters and forward to the United Kingdom for completion by Brokers. We do not receive copies of account sales from all Falkland Islands farms.

We suggest that a certificate issued by our Auditors certifying the gross average price per pound would meet Government's requirements.

We also feel that the only equitable basis of arriving at the average price of wool is to employ the figures obtained from the account sales. The Port of London Authority are not too particular in their weighing of landed bales and they are always working under pressure and a discrepancy of a few pounds here and there is not of particular importance to their accounting. On the other hand, the account sale weights are ascertained after the wool has been actually sold and are, of course, agreed by both the Brokers and the purchasers of the wool who have a definite interest in enguring that the correct weights are recorded.

Export tax is based on the gross average price obtained for the whole of the Falkland Islands clip and we cannot see that this average can be arrived at by the use of Form E.

In view of the foregoing we request that Government will permit us to provide an Auditor's certificate in place of Certificates of Sale.

I am,
Sir,
your obedient servant,

C. G. Parkin
Manager.

29.12.53 The Council informed that meeting with C/C of Customs will be arranged.

The Honourable
The Colonial Secretary,
Stanley.

C/C [illegible] for your comments

Reply at 52

H.C.S.

My letter attached to cover was the subject of the conversation referred to in Para. 1.

Reference Para 3. Providing the Certificates to be issued by the F.I.C. Auditors are in detail, so as to enable the Government to see how the average price was arrived at, then this Certificate could be attached to Form E thus saving paper and Printer, but a certificate just merely certifying that the average price was say 55 pence per lb. and signed by the F.I.C. Auditors would not be accepted by Government.

Para. 4. I agree that the Port of London Authorities are not too particular in the weighing of landed bales but it must be remembered that before that sliding scale was introduced, duty was computed by using the weights from Landing Certificates.

It appears that the F.I.C. Home Office arrive at the gross average price by taking the actual weight sold and it is likely that at some time the difference between the landed weight to the selling weight could change the duty rate into the next grade.

they see-
see so.

Wool Brokers or Agents will not I understand sign the Sale Certificates.

Para 5. Form E attached to cover. I disagree with F.I.C. remarks.

C of C.
16th. December, 1953.

Auditor (46 + 47)
Can you pse let me have your views.
28/12

48

Hon. C.S.,

It is important, I consider, that the C. of C. (and later Audit) be able to trace the sale of all wool exported. Government should be in possession of the details of the sales from which the gross average price per pound is ascertained. To obtain this information and yet meet the F.I.C. proposals to some extent I suggest we agree to their Auditor's certificate replacing those of the Exporter and Broker on Form E, but insist that the following details be included in the certificate.

Station, Marks, No. of Bales, Total weight, Gross Proceeds. I agree that the weight sold be applied for taxation purposes.

L. Greene
Auditor.
23.12.53

C.T. (46) - (48)

L.A.'s suggestion seems a reasonable compromise. What are your views?

24/12

H.C.S.

There appears no reason why Form "E" should not be completed by F.I.C. Lands Office. Form "E" asks for weight of produce sold - not landed weight.

J.S.B.
24/12

C/Customs (46) + (48)

Could you now organize a meeting between yourself, Mr Greene + Auditor + see if you can reach a mutually satisfactory agreement which should be referred to me for final approval.

29/12

49

H.C.S.

Mr. Creece, the Auditor and myself met 5th January and discussed the question of Sale Certificates &c for wool and the following proposals are submitted for your approval:-

(1) that the suggestion put forward by the F.I.C. in para 4 of 46 be adopted.

(2) Government accept the certificate referred to in para 3 of 46 providing the following information is given on the certificate:-

(i) Total Number of bales sold

(ii) Total net weight of wool sold

(iii) Total gross proceeds

(iv) Average price for the whole Clip.

This Certificate to either replace Form E as fas as wool is concerned, or, attache the Certificate to Form E endorsed "As per certificate attached".

For your guidance I offer the following comments:-

(i) Total number of bales sold. This can be checked against the Bill of Export produced to the Customs at the time of shipment, and again from the Landing Certificates signed by the Port of London Authorities.

(ii) Total net weight of wool sold. The weight will differ slightly from the weights given on the Landing Certificates, but usually to Governments advantage, and if the number of bale sold agree with the number shipped then it becomes obvious all the wool has been sold.

(iii) Total gross proceeds. We will have the F.I.C. Auditors Certificate to confirm this.

(iv) Average price for the whole clip. From the data we have asked to be stated on the Certificate signed by the Auditors we can see how the average was arrived at.

J.G.

Cof C.
6.1.54.

C.T. (49)
Have you any further comment?

H.C.S.
No objection providing the Regulations are amended.

J.E.B. 13/1/54

50

C/Customs

(49)

I think the best method is to revise the regs with a new form — can you pse draft. Incidentally Mr Greece informs me that the Brokers now will not have signed the Certificate.

2) Do the whalers use this form? In any event it should be made comprehensive to cover all products.

29/10

H.G.S.

At cover is a Draft of the new form which I think is comprehensive, and will cover all products. Columns 1 and 2 are self explanatory, column 3 (Number of packages sold) will cover Bales if wool or Sheepskins, Bundles, if hides and Barrels if whale oil. Columns 4 & 5 are also self explanatory and column 6 is left blank to enable its use, either for the "Average Price" or Duty to be collected.

HJG.
14/10/24.

C.T.S.
Cmd. Tin

(49) & (50) for your comments pse.

~~Though~~ C/C has now omitted the certificate by broker or agent as though the R.C. brokers will sign it is not always easy to get signatures in respect of other farms & other brokers. It occurred to me that the simplest solution is to have the certificate signed by broker or agent or auditors.

18/5

N.C.S.

If F.I.C. brokers are signing there appears no reason to amend regulation. Is not all wool sold through the agency of F.I.C.?

18/5

Mr. C.S.,

Now that the F.I.C. brokers are signing from E there seems to be no need for revision. If we adopt the suggestion made at para 4 of H6 the F.I.C. should be satisfied.

L.G.
25/5/54.

C/Customs We appear to be going round & round. Do you consider that the letter at cover will tie the matter up?

18

0542/A

8th June, 54.

Sir,

46 I am directed to refer to your letter of the 11th of December, 1953, on the question of Certificates of Sale - Produce, which has since been the subject of further discussion.

2. As it is now understood that your Brokers or Agents are prepared to sign the Certificate of Sale, the simplest procedure would appear to be for Form "E" to be completed by your London Office, signed by the brokers and returned here.

3. I am to confirm that the basis of arriving at the average price of wool should be the figures obtained from account sales.

53 4. If, however, you are still anxious for Form "E" to be amended, I am to invite your views on the attached draft.

I am,
Sir,
Your obedient servant,

(Sgd) C. Campbell

Reply at 54

COLONIAL SECRETARY.

The Manager,
Falkland Islands Company, Limited,

DRAFT. FORM. E. 53

THE OIL, etc., (EXPORT) REGULATIONS, 1948.

Certificate of Sale.

Name and Address of Consignee.....

Description of Goods Exported.....

Details of Produce Sold and Price Obtained at Sale Etc.

Vessel and Date of Shipment.	Marks.	Number of Packages Sold.	Total Net Weight Sold.	Gross selling Price £ s. d.	
1	2	3	4	5	6

I solemnly declare that the foregoing particulars are to the best of my knowledge and belief true and accurate.

Date.....

I certify that the above is a correct statement of the produce sold at a sale held at — on the — of — 19— Broker or agent or Auctioneer

.....
Exporter.

N.B. Where an export duty of customs is chargeable on the actual sale value of the produce, in the country of destination, this certificate shall be completed and delivered to the Collector of Customs, Stanley, Falkland Islands within six calendar months of the date of clearance of the exporting vessel.)

BU 12/6

The Oil, etc., (Export) Regulations, 1948.

FORM E.

Certificate of Sale.

(Where an export duty of customs is chargeable on the actual sale value of the produce in the country of destination, this certificate shall be completed and delivered to the Collector of Customs, Stanley, Falkland Islands within six calendar months of the date of clearance of the exporting vessel.)

Exporting Vessel..... *Master's Name*.....

Port and Date of Shipment..... *Port and Dates of Discharge*.....

Name and Address of Consignee.....

Name and Address of Broker or Agent.....

DETAILS OF PRODUCE SOLD AND PRICE OBTAINED AT SALE, ETC.

Station Marks.....

Marks.	*Quantity in lbs. weight.*	*Gross Price obtained.*	*Duty Payable.*
.....	.....	.....	£.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total Weight		*Total Duty due £*	

I solemnly declare that the foregoing particulars are to the best of my knowledge and belief true and accurate.

Date.....

.....
Exporter.

I certify that the above is a correct statement of the products sold at a sale held at ..... *on the* ..... *of* .....*19*.....

.....
Broker or Agent.

54

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

9th June, 1954.

COLONIAL SECRETARY'S OFFICE
10 JUN 1954
FALKLAND ISLANDS

Sir,

52

I have for acknowledgement your letter No. 0542/A dated 8th June, 1954 with reference to Certificates of Sale - Produce.

53

The draft certificate enclosed with your letter is satisfactory and does not call for further amendment.

I am,
Sir,
your obedient servant,

C. G. Davies

Manager.

BUF

The Honourable
The Colonial Secretary,
Stanley.

(46)

F.C. find difficulty in filling in existing form (Schedule to Cap 16 Vol II Revised Laws) for wool export rate computation. After a certain amount of discussion a revised form at (53) has been drafted which suits both Govt & F.C. (as exporting agents for all farms) requirements.

2) The amending machinery is by resolution

55

A! in Leg Co. & if yr. approve I will arrange for the next meeting.

3) Ex Co. can make an interim amendment to the Customs Order but as it must be confirmed by Leg Co. within 21 days (which means a special meeting) there is no object in this method.

16/6

A above appd
PRA
17

RSC Pse draft a Leg Co. resolution giving effect to the above.

16/6

Hon. Col. Sec.,

I would respectfully point out that as the Form in question is included in the Schedule to the Export Regulations, which presumably were made under section 230 of the Customs Ord. (although the preamble merely says "the Customs Ord.") the amendment should be made by Regs.

P 170
Bd Vol.

H. B.
Registrar
18. vi. 54.

RSC You are quite right — I confused Export Regs with Customs Order as they are lumped together in Revised Laws.
Pse draft accordingly.

22/6

Hon. Col. Sec.,

Draft amending Regulations submitted, please.

H. B.
Registrar
vi. 54.

56

C/Customs Ref: Reps at back cove

Re confirm that the form is used exactly as you want it S.S. do you need the figures 1,2,3,4,5,6, & should the last blank column have a heading?

30/6

H. C. S.

The figures are not required, they were only for explanatory ~~purposes~~ in connection with my minute at Rect 50.

The last column is left blank because it may be required for several headings, such as "Average Price", "Duty to be Collected", "Details of Unsold Produce" and Remarks. I agree to the Form in its present set up.

W.J.G.

C of C.

No. 05424/A

It is requested that, in any reference to this memorandum the above number and date should be quoted.

MEMORANDUM.

56A

16th July, 1954.

To: All Members of Executive Council.

From: The Colonial Secretary,

Stanley, Falkland Islands.

SUBJECT :- Export (Amendment) Regulations, 1954.

The Falkland Islands Company on their own account and in their capacity as agents for other farms experienced difficulty in completing the existing Form E of the Customs Order (Cap. 16). A revised form which is satisfactory to all concerned has been drafted and members are invited to approve the necessary amending legislation attached.

56B-C

C Campbell

COLONIAL SECRETARY.

CC/VP

Draft.

56B

CUSTOMS ORDINANCE (Cap. 16).

Regulations made by the Governor in Council.

No. of 1954.

Governor.

His Excellency the Governor in exercise of the powers vested in him by section 230 of the Customs Ordinance, is pleased, by and with the advice of the Executive Council to make the following Regulations:-

Title.

Vol. II Revised Edition. p.147.

1. These Regulations may be cited as the Export (Amendment) Regulations, 1954, and shall be read as one with the Export Regulations, hereinafter referred to as the principal Regulations.

Amendment of Schedule to the principal Regulations.

2. For Form E in the Schedule to the principal Regulations there shall be substituted the Form E set out in the Schedule to these Regulations.

SCHEDULE.

56C

SCHEDULE.

Form E.

Certificate of Sale.

Name and Address of Consignee.....

Description of Goods Exported.....

Details of produce sold and prices obtained at sale etc.

Vessel and Date of Shipment	Marks.	Number of packages sold.	Total net weight sold.	Gross selling price. £.	s.	d.	
1	2	3	4		5		6

I solemnly declare that the foregoing particulars are to the best of my knowledge and belief true and accurate.

Date.....

Exporter.

I certify that the above is a correct statement of the products sold at a sale held at on the of 19 .

Broker, Agent or Auditors.

N.B. Where an export duty of customs is chargeable on the actual sale value of the produce in the country of destination, this certificate shall be completed and delivered to the Collector of Customs, Stanley, Falkland Islands, within six calendar months of the date of clearance of the exporting vessel.

57

Extract from the Minutes of a Meeting of Executive Council

held 19th July, 1954.

0242/4. 16. Export (Amendment) Regulations.

Council approved the draft Regulations.

Acting Clerk of the Executive Council.

Regs to AP pce. 26/7

ACS

Regs passed to Printer today 26/7/54

BU 10/8 Printers Regs

BU 20/8/54

is in?

Not in 20/8/54.

BU 1/9

15/9/54

23/9/54

1/10/54

Not in yet

1/10/54

BU 7/10/54

BU 13/10/54

BU 30/10/54

58

Customs Ordinance (Cap. 16).

Regulations made by the Governor in Council.

Governor.

No 4 of 1954.

His Excellency the Governor in exercise of the powers vested in him by section 230 of the Customs Ordinance, is pleased, by and with the advice of the Executive Council to make the following Regulations :—

1. These Regulations may be cited as the Export (Amendment) Regulations, 1954, and shall be read as one with the Export Regulations, hereinafter referred to as the principal Regulations.

Title.
Vol. II Revised Edition p. 147.

2. For Form E in the Schedule to the principal Regulations there shall be substituted the Form E set out in the Schedule to these Regulations.

Amendment of Schedule to the principal Regulations

Made by the Governor in Council on the 19th day of July, 1954.

Acting Clerk of the Executive Council.

Ref. 0542/A.

59 87

SCHEDULE.

EXPORT REGULATIONS

FORM E.

Certificate of Sale.

Name and Address of Consignee.....

Description of Goods Exported .....

DETAILS OF PRODUCE SOLD AND PRICES OBTAINED AT SALE ETC.

Vessel and date of Shipment.	Marks.	Number of packages sold.	Total net weight sold.	Gross Selling price. £	s.	d.	

I solemnly declare that the foregoing particulars are to the best of my knowledge and belief true and accurate.

Date.....

.....

Exporter.

I certify that the above is a correct statement of the products sold at a sale held at on the of 19 .

.....

Broker, Agent or Auditors.

N.B. Where an export duty of customs is chargeable on the actual sale value of the produce in the country of destination, this certificate shall be completed and delivered to the Collector of Customs, Stanley, Falkland Islands, within six calendar months of the date of clearance of the exporting vessel.

Mr. M

C of C. wd like 1,000 copies of 59 less words "Schedule" x as pencilled — he has arranged with HP for different set up. J. n.a.p. Acd. I have informed HP. 23/10/54 LA 22/10

D/16/46.

F. I. ref:

C. O. ref:

60

SAVING TELEGRAM.

From: The Officer Administering the Government of the Falkland Islands.

To: The Secretary of State for the Colonies.

Date: 3rd January, 1955.

No. No. 5. SAVING. COLONY.

Legislation.

Enclosed herewith are six copies of Regulation 3/54 and six copies of Regulation 4/54.

58

GOVERNOR.

61

C.T. Pro see the rather lengthy correspondence from (46). Mr Young, who originated (46), is still pressing for just the Auditor's costs certificate and Mr Benson will be making representations to you again. Amongst other things Mr Young said that the Head Office could not sign as 'Exporters' since the Branch Office were the exporters. This seems to me a little too severe.

I hold no strong views and favour the system which is easiest for everyone provided the safeguards are adequate.

10/12

62

N.C.S.

(46) et seq.

Much time was spent in reaching a decision in this matter. The result was a new Form E which was acceptable to FIC and which provides the necessary safeguards from Government's point of view. I oppose any further change unless FIC can put up new and better reasons.

2 I do not agree with Mr Young that the Head Office could not sign as Exporters. The exporters are the FIC whose head office is in London.

H. 10/2

C.E. Noted. Bale is in Bc. Court.

" Cr

H. 11/2.

11/2

63

AIR MAIL

JAMES LOVEGROVE WALDRON LTD.

16, Coleman Street,
London, E.C.2.

30th. April, 1956.

A.G. Denton-Thompson, Esq.,
Colonial Secretary's Office,
PORT STANLEY.

Dear Mr. Denton-Thompson,

As you know, my firm is somewhat concerned about the weight of taxation that we have to suffer, and I had asked Mr. Evans, a Chartered Accountant, and a member of our staff here, to look into the matter. He has now prepared a report of which I enclose a copy, as there may be some points in it of interest to you.

64.

I see from this morning's papers that the teaching fraternity are getting a considerable rise in pay, and it therefore looks as if the development of education in the Falkland Islands is going to cost proportionately more. I shall keep in touch with the situation as regards Turner, and if he looks like being accepted I will make a point of arranging a meeting with Pole-Evans.

I was sorry that we did not have more leisure to discuss the weather and the crops, and I look forward to another meeting with you when we are both in the same part of the world.

I trust that you had an agreeable journey out and that you both are well.

With kind regards,

Yours sincerely,

E. G. Mathews

(Note. Ifor can't run F.I. on the side)

Reply at 65

Reply at 86

~~0355/A/II~~ 0542/A.

~~0575/III~~

65.

21st May, 1956.

Dear Mr. Mathews,

63 I have just received your letter of the 30th April, with which you enclose a memorandum on taxation. We propose to get down to the whole question of taxation after the dust has settled from the budget session in a few days time.

With regard to Turner the position here is such that we have had to tell him that he can have the job in March - but we cannot provide housing before that. Nor can we fit him in elsewhere at the moment. If he was the sort of person to "muck in" for a few months things would be very different - but he is not.

We had a first rate trip back and Peta is now looking very much better.

Yours sincerely,

A.G. Denton-Thompson.

Noted. Para. 1 above

11/6

E.G. Mathews,
16, Coleman, Street,
LONDON, E.C.2.

AGD-T/MF

66

A.C.T.
Mr. Trees.

I should be glad if you would have a look at the Memorandum at Folio 64 which refers to the question of taxation. This is a matter on which we shall have to conduct a major exercise in the near future and I should be glad of your comments. Perhaps we can discuss at a suitable opportunity.

C.S.
12. 6. 56.

C.S. 0542/A

67

To Commissioner of Income Tax,
STANLEY.

J.L. Waldron Ltd. Proposed abolition of Wool Export Tax.

I can appreciate J.L. Waldron's views on this matter and have no doubt that F.I.Co. who is similarly placed, would also welcome the proposal. Indeed I should have thought that the original proposal would have issued from F.I.Co. and not one of the smaller concerns.

2. It may be argued that the short answer would be for the Companies concerned to withdraw their U.K. registration and acquire local status, thus avoiding payment of U.K. tax in any form. But it would not rest there. A Company's domicile is governed by its place of incorporation and cannot be changed without complete dissolution and the actual transfer of its Head Office and Management Board of Control to the country where residence is required. This would of course be a very lengthy and expensive undertaking and since the Falklands are so remotely situated, I doubt very much if such an action would offset their present problems.

3. There can be no doubt that the scheme has been very cleverly prepared and I must admit that at first sight it appears quite reasonable, but the fact remains that whichever way we look at it some of the higher bracket group are going to suffer more than their present burden. Plan 2 would appear to offer the least line of resistance, as it provides for an individual income of up to £1500 per annum without materially affecting his tax liability.

4. A simpler method might be to apply a special flat rate of tax to all sheep farming concerns (companies and unincorporated firms alike) and leave the present individual and other companies rates as they now stand. But even this method could present its own problem to the Falkland Islands Co. Ltd. which cannot be said to derive its total revenue solely from sheep farming. However the F.I.Co. would presumably reap the biggest benefit from the scheme and I have no doubt they could devise some means of divorcing one business from the other.

5. There is of course one other aspect to be considered and that is the possible reaction of the whaling industry. Salvesen in particular may well be expected to seek similar treatment and if so it would be necessary to devise a completely new scheme to apply to the Dependencies.

6. I note that in para 7 J.L.W. refer to the arrangement under section 19 which permits locally registered companies to claim a deduction of 20% from their chargeable incomes provided the majority of its shares are held by local residents. To my knowledge no such claim has ever been entered in this Office and since the Section does not appear in the Model Ordinance it is difficult to say what prompted its introduction to our law. During my visit to the Colonial Income Tax Office in London I discussed this point with Mr. Ward and several colonial students but could not find a parallel in any of the other Colonies represented at the course. The general conclusion was that it had been included to encourage shareholders to reside in the Islands or perhaps more likely to enable a local company to set aside annually 20% of its profits to build up a reserve in order to purchase capital plant and machinery and thereby improve the business.

Colonial Income Tax Office,
STANLEY, Falkland Islands.
26th November, 1956.

This must receive detailed consideration at the PRWG next. B.A.
Early Plan.
26/11/56

File + BU 8/1/57

C.S. 0542/A

b8

TAXATION IN THE FALKLAND ISLANDS.

There are two main sources of revenue for the administration of the Islands - customs duties and internal revenue. Together these two items, on occasions, bring in as much as 75% of the total ordinary revenue; and, in the 1953/54 estimates it was calculated that taxation and licences would yield £111,999 out of a total estimate of £227,874. The estimates, however, sometimes widely miss the mark. The profit of the farms is largely dependent upon world wool prices which are, of course, not always able to be predicted with any high degree of accuracy. Moreover, since the wool export tax is to all sheep farms a major item of expense and this also fluctuates with the price of wool, the actual yield from this tax can often be in excess of the anticipated yield. It is interesting to note, for example, that the actual yield from wool export tax in 1951/52 was £100,359 out of a total figure for Customs Duties £140,818, i.e. 71.26%. In the following years the estimates were on a reduced scale; 1952/53 - £28,000, 1953/54 - £26,000.

2 Of course, 1951/52 was not a normal year. But it does show what grotesque results may be reached from the present distribution of the burden of taxation. In that year the farming companies and firms paid, by way of tax, over 48% of the total revenue of the Islands. This was made up as follows:-

Wool Export Tax	£100,359	= 22.96%
Companies Tax	£112,545	= 25.75%
	£212,904	= 48.71%

Total Revenue ..... £437,030 Number of sheep shorn .... 526,362.

For the corresponding period Income Tax on individuals and firms yielded £76,529 or 17.51% of the total revenue.

3 Companies operating in the Falkland Islands display unusual features and work in difficult conditions. Houses, transport, communications and recreation facilities are provided for both managers and employees, which is no mean task for companies whose profits may be subject, in certain circumstances, to as much as a 70% tax charge. It is a fact, which has been reiterated from time to time, by well known financial correspondents, that few companies are faced with equal burdens in the task of providing more or less full facilities for their employees, except perhaps the giant oil and mining companies. Their development work tends to be in out of the way, inaccessible or infertile areas of the world. They sometimes make enormous profits; they frequently take enormous risks but they always try to make

A/CN.20

sure that they do not pay more than their due proportion of local and U.K. taxes by way of royalties or export duties which are not subject to U.K. double taxation relief. It may of course be suggested that the F.I.Export tax is an allowable charge when U.K. Income Tax is being calculated. This is quite true. But a tax payment in whatever form of say £3,000 would, at the U.K. rate of 8/6d in the £, equal a liability of £7,058. It is thus preferable to have an additional tax liability of £3,000 at the standard rate, resulting in a payment of £1,275, than to pay a sum of £3,000, which is an allowable charge against profits.

4 This is the nature of the problem which has to be faced by all companies in the Falkland Islands; more particularly by the four companies operating sheep farms in the Islands but controlled from the U.K. and subject, therefore, to the additional liability of U.K. income tax at the rate of 8/6d in the £, and Profits Tax at 27½% on distributions, shortly to be 30%. It is greatly to the advantage of the U.K. companies that the wool export tax should be incorporated into a tax which is subject to double taxation relief in the U.K.; and it cannot be to the disadvantage of companies resident in the Falklands if they pay the same amounts of tax but under a different name.

5 There can be no doubt that in the event of the wool export tax being abolished, additional revenue would have to be found from existing sources. And since the companies would benefit the most, they could reasonably expect the rate of F.I. Companies tax to be increased proportionately. It may be said that this would result in a general increase in the standard rate of income tax applicable to local wage and salary earners and unincorporated firms. This is possible. But it may be avoided by quite simple expedients which will be explained at a later stage.

6 At this point it is advisable to consider the technical details of Income Tax in the Falkland Islands, and below is a table setting out the relative details.

TABLE "A" - Comparison of Falkland Islands and U.K. tax.

Personal Reliefs.	Falkland Islands.	U.K.
Earned Income	1/5th. Maximum £400.	2/9ths. Maximum £450.
Personal Allowance:		
Single	Nil	£140
Married (for wife)	£100	£240
Children	Each child - £70.	Each child - £100
For child receiving full time instruction at any educational institution abroad	£125	-
Charge of children allowance, any female	£50.	Daughter waiting on infirm parent - £40.

Table "A" contd.

Personal Allowance:	Falkland Islands.	U.K.
Dependent Relative....	£25 for each dependent	£60 for each dependent.
Life Assurance	All - up to 1/6th income.	2/5ths premium
Age Allowance	Nil	May claim 2/9ths of all income as earned up to £600 p.a. where taxpayer or wife is aged 65 or over.

TABLE "B" - Comparison of Rates of Tax.

	Falkland Islands	U.K.
Companies	3/6d. on every £ of chargeable income.	8/6d on every £ of chargeable income.
Individuals ..... (excluding seasonal employees in whaling and sealing industries.	Rate tax per £ First £100 - Nil Next £100 - 1/- " £250 - 2/- " £250 - 2/6d. " £250 - 3/- Remainder - 3/6d.	Rate tax per £ First £60 - 2/3d. Next £150 - 4/9d. " £150 - 6/9d. Remainder - 8/6d.

In addition companies resident in the U.K. are liable for Profits Tax at 27½% on distributions and 2½% on undistributed profits. It was proposed in the recent Budget to increase P.Tax to 30%. Firms resident in U.K. are liable to Sur-Tax on incomes of partners over £2,000 p.a.

7 A further interesting point arises from Section 19 of the 1939 Income Tax Ordinance ..."that a company registered in the F.Islands is allowed a deduction of 20% of its chargeable income if the majority of its shares are held by individuals who are resident there". It is difficult to obtain information as to the number of companies that benefit from this Section. It is a relief of some significance since it effectively reduces the standard rate from 3/6d in the £ to 2/10d in the £, and in the whole of the commonwealth only the following places have a lower standard rate:-

Hong Kong - 2/6d in the £.

Gibraltar - 2/- in the £.

Gilbert and Ellice Islands. } - 1/6d. in the £.
British Solomon Islands. }

St. Helena ... - 1/6d. in the £.

(Hansard Volume 554. Parliamentary Written Answers, 27th July, 1955).

N.B. The Written Answers showing various rates took up a whole page of Hansard.

8 Following the rates of tax as set out in Table "A" and Table "B", let us examine the tax situations of men at different wage and salary levels. We know that a 50% or larger increase in the rate of Companies tax would be necessary should the wool export tax be abolished. Moreover, it is usual for the sake of

administrative convenience, that the companies tax should be the same as the standard rate of income tax for individuals. An increase in the standard rate from 3/6d to 5/6d in the £ would increase the yield from the Companies Tax by 57.14%. It may be argued that such a flat rate increase would materially affect the pocket of wage and salary earners. However, Table "C" illustrates the fact that there would be no change until the £1,000 - £1,500 income bracket had been reached, and although there are no details available of the distribution of incomes in the Falkland Islands, it can safely be assumed that a large proportion of the population would be unaffected by the change. As is usual in income tax practice, there are several stages to be passed, before the standard rate is reached. At present a Falkland Islander does not pay at 3/6d in the £ until he reaches his 950th pound of taxable income after allowances; This, for a single man, represents a gross income of £1,200 per snnum, for a childless married man approximately £1,300 per annum, and for a family man with three children, £1,550 per annum.

TABLE "C" - Suggested Income Tax Rates for the Falkland Islands to maintain present revenue.

Plan 1.	Plan 2.	Plan 3.
Standard Rate increased to 5/6d.	First £100 - Nil.	First £200 - Nil
	Next £100 - 1/-	Next £250 - 2/-
	" £250 - 2/-	" £250 - 3/-
	" £250 - 2/6d.	" £250 - 3/6d.
	" £250 - 3/-	Remainder - 5/6d.
	" £250 - 4/-	
	Remainder - 5/6d.	
Companies Tax Rate.		
5/6d.	5/6d.	5/6d.

TABLE "D" - The effects of the suggestions contained in Table "C".

	Income - £500 per annum		Income - £1,000 p.a.		Income - £1,500 p.a.		Income - £2,000 p.a.	
	Married.	Married with 2 children.	Married.	Married with 2 children.	Married.	Married with 2 children.	Married.	Married with 2 children.
	£	£	£	£	£	£	£	£
Tax charge at present.	15	3	61	47	125	101	195	171
Plan 1.	No change	No change	No change	No change	140	No change	250	187
Plan 2.	No change	No change	No change	No change	129	101	231	192
Plan 3.	10	Nil.	62	41	133	99	243	205

N.B. It has been assumed that the children are not receiving educational instruction abroad. Were this the case, the respective liabilities would be reduced at all ranges of income.

Managers of farms and holders of similar appointments may be uneasy about the effects of such a proposed change on their own incomes, which roughly approximate the lower bracket of sur-tax payers in this country. To dispel such feelings, and still keep the standard rate at 5/6d in the £, it would be quite simple to introduce yet another reduced rate, or so to alter the reduced rates that the net amount of tax levied would not fluctuate sufficiently to cause ill-feeling among managers, on whose shoulders the main burden of commercial management and the maintenance of local order and goodwill largely fall. Plans 2 and 3 in Table "D" illustrate the effects of a change in the reduced rates on the four main levels of income. There is still room for many other variations of the reduced rates; fixing these rates to raise the required revenue is a simple technical problem which can undoubtedly be solved as and when required.

The tax problems of the companies resident in the U.K. are not complex; basically they are simple. The solution lies in the discontinuance of the export levy based on the price of wool and the adjustment of the rate of Companies Tax in order to raise the equivalent amount of revenue. Sheep-farming is the lifeblood of the Falkland Islands. Already in many parts of the Commonwealth export duties have been abolished; they descriminate very effectively against U.K. resident Companies, and over half the land in the Islands is farmed by Companies of this type.

JAMES LOVEGROVE WALDRON LIMITED

Spearing & Waldron Ltd.

Secretaries.

16, Coleman Street,
London, E.C.2.

26th April, 1956.

B.

64 is repeat of 68 - 73.

D.

C.

79

Y.H.

64 is a major exercise and should receive careful and detailed consideration. Our pleates, however, are more than full at present. Could this be deferred until after the budget & enquiry into C.S. salaries? We should, by then, be a little freer to go into this important matter.

22/2

Yes — But I want to start something moving after the Easter & hope meetings next month. Could the papers be brought up in April, third week of March to me.

23.2.57.

Bell 15/3

Y.H.

Dear Bell, agreed — we will now proceed as decided in Ex. Co.

15/3.

EXTRACT FROM MINUTES OF MEETING OF MEMBERS OF EXECUTIVE COUNCIL HELD ON 13TH MARCH, 1957.

.....

11. INCOME TAX & COMPANIES TAX.

It was agreed that Messrs. James Lovegrove Waldron's Memorandum dated 26th April, 1956, on the subject of taxation in the Falkland Islands should be circulated to members and discussed at the next meeting of Executive Council.

.....

Clerk of the Executive Council.

Ref: 0452/A. 10th May, 1957. 76

MEMORANDUM NO. 37 FOR EXECUTIVE COUNCIL.

Falklands Islands Taxation.

The attached memorandum,(Annexure A) forwarded to Government by James Lovegrove Waldron, Ltd., on taxation in the Falkland Islands is submitted for consideration.

2. The essence of the memorandum, and the representations it contains, is the argument that the tax on wool militates against the United Kingdom controlled and registered companies in as much as the duty paid to Government on wool produced in the Falklands, exported and sold in the United Kingdom does not qualify for double taxation relief in the United Kingdom. From this, the memorandum argues, it follows that a more equitable and satisfactory system of taxation would be one that secures to Government the equivalent amount of revenue, but, at the same time, qualifies the United Kingdom companies for double taxation relief. In fact, by a higher rate of taxation.

3. In some respects the case is overstated. Nevertheless, the basis of it is sensible provided, it would seem, that it can be ensured that the ordinary individual, already quite heavily taxed, does not suffer as a result of a measure designed to relieve and benifit the United Kingdom controlled companies. Above all, the Colony's revenues must be secured.

4. The existing system of taxation on wool exported from the Colony has distinct advantagesfrom the Government aspect. It is relatively simple to operate and as soon as the average selling price is established the farms can assess immediately and accurately the amount they owe. Government, for its part, can calculate accurately a substantial proportion of its revenue and irrespective of company or partnership profits Government revenue is secured on a graduated price structure

5. On the other hand, from the aspect of securing Colony revenue, there are certain disadvantages in the Waldron proposals and a number of points that require the most careful consideration. They can be summarised as follows:-

(1) It would be extremely difficult to estimate Government revenue as the amount of profit subject to taxation in the case of a very substantial proportion of the farming land of the Falkland Islands could be varied as a result of United Kingdom Board policies. For example, the profit would be very considerably reduced by a Company deciding to undertake a heavy programme of capital improvements financed from ordinary earnings in any one particular year. A very substantial proportion of Government revenue would, in fact, be subject to considerable fluctuation arising from individual Board policies, irrespective of whether the companies concerned are registered in the United Kingdom or the Falkland Islands.

(2) Assuming it was the intention that the ordinary individual should not be expected to carry a heavier burden of individual taxation in normal circumstances, then the scale of personal relief, assuming parity between companies and personal income tax, would have to be calculated with great care and skill and, inevitably, it would mean that certain of the farms operating on a partnership basis would have a distinct advantage over the limited liability companies.

(3) Measures would have to be devised to overcome the problem arising from the very much greater time lag in the payment of company tax. Increased wool tax revenue from the higher wool prices obtained this year will accrue in the 1957/58 financial year, but the increased yield from company tax is not expected to accrue until 1958/59.

(4) The implications as they would affect some of the partnership farms would have to be considered in order to ensure that they bear a fair share of taxation.

(5) The implications in respect of South Georgia would have to be carefully considered. The whaling companies pay an export tax on whale oil produced at the shore stations and if the principle of an export tax on a product is abandoned in the case of the Falkland Islands, it would be difficult to avoid conceding the principle in their case.

(6) The Income Tax legislation will need completely redrafting and very probably a legal draftsman would have to be engaged for the purpose.

6. There might, however, be advantages in the Waldron proposals, provided an equitable system of personal taxation could be evolved and if it could be said with certainty that the extra money accruing from the additional tax relief, or at least a substantial proportion of it, would be diverted to land, farm and social improvement. It would seem that they merit very careful consideration, but equally it would seem essential that the problem, if it is to be considered at all, should be considered by experts and the best advice taken in order to ensure that a revised system of taxation was equitable to companies, partnerships and individuals and to Government.

A. G. Porter Thompson
COLONIAL SECRETARY.

AGDT/MF

ANNEXURE B,

EXPORT DUTIES.

WOOL.

Gross selling Price.

Does not exceed 15d. nil.

Exceeds.	Does not exceed.	Price.
15d.	20d.	0.5d.
20d.	30d.	0.75d.
30d.	40d.	1.0d.
40d.	50d.	1.5d.
50d.	60d.	2.0d.
60d.	70d.	2.5d.
70d.	80d.	3.0d.
80d.	90d.	3.5d.
90d.	100d.	4.0d.

and so on by

10d. increasing price by 0.5d.

TALLOW, HIDES, SKINS.

2½% of selling price.

WHALE & SEAL OILS.

6d. per barrel of 40 gallons for each £5 or part £5 of average market price.

OTHER WHALE PRODUCTS.

6d. per 112 lb or part thereof.

ANNEXURE C.

REGISTERED AND NON-REGISTERED FIRMS ETC.

Registered in the United Kingdom.

Falkland Islands Co., Ltd.	
John Hamilton, Ltd. (Jersey)	Weddell, Beaver, Passage, Saunders Is.
James Lovegrove Waldron, Ltd.	Port Howard.
Holmsted, Blake & Co., Ltd.	Hill Cove.
Colonial Development Corporation.	
South Georgia Co. (Scotland)	Salvesens'
(Port San Carlos, Ltd.	Port San Carlos.
(Packe Bros. & Co., Ltd.	Fox Bay West, Dunnose Head, Packes' Port Howard
(Both above dissolved U.K.Board of Directors and reformed in Colony with local Directors).	

Registered in the Colony.

Douglas Station, Ltd.	
San Carlos Sheepfarming Co., Ltd.	
Teal Inlet, Ltd.	
Bertrand and Felton.	Roy Cove.
Dean Bros., Ltd.	Pebble and Jason Is.
Intercoastal Trading Co.	
Albion Star (South Georgia)	Formerly Pesca
Freezer Co.	
South Atlantic Sealing Co.	
Anglo-Norse Co., Ltd.	
Smith Bros.	Johnson's Harbour.

Partnerships. (not registered).

Estate T.Robson.	Port Louis North.
Estate H.J.Pitaluga.	Rincon Grande
Pitaluga Bros.	Salvador
Bertrand-Mr. & Mrs. C.	Carcass and Arch Is.
Estate J. Miller.	Moody Valley
Mrs. S.McGill & Mrs. Browning.	Mullet Creek.
Anson and Luxton.	Chartres.

Others. (not registered).

J.Davis.	New Island.
Mrs. H.Napier.	West Point Island.
Mrs. G.Yonge.	Bluff Cove.
J.Lee.	Sea Lion Island.
G.Lyse.	East Island.

EXTRACT FROM MINUTES OF MEETING OF MEMBERS OF EXECUTIVE COUNCIL HELD ON 29TH, 30TH AND 31ST MAY, 1957.

.....

14. FALKLAND ISLANDS TAXATION.

It was agreed that the taxation proposals submitted to Government by James Lovegrove Waldron Ltd., should not be pursued and that the Company should be informed accordingly.

.....

Clerk of Executive Council.

5th June, 1957.

Dear Mr. Mathews,

63 Would you please refer to your letter of the 30th April, 1956, with which you forwarded a report on taxation prepared by a member of your staff.

I very much regret that there has been considerable delay in dealing with these proposals. As you will appreciate we were very fully engaged with the Royal Visit during most of 1956 and subsequently, with the departure of Sir Raynor Arthur, it was felt that we should await the arrival of the new Governor before the matter received consideration in Executive Council.

The comments and proposals put forward by your Company were very carefully considered in detail at a meeting of Executive Council held on the 29th May. The case presented aroused, very naturally, considerable interest but it was nevertheless decided that Government could not make any alteration to the basis and general system of taxation in the Falkland Islands.

I appreciate that this will be a disappointment to you and your Company but I assure you the decision was only reached after a most careful study and consideration.

Yours sincerely,

(Sgd.) A. G. Denton Thompson.

E. G. Mathews, Esq.,
James Lovegrove Waldron Ltd.,
16 Coleman Street,
LONDON, E.C.2.

AGDT/MC

Exc Co Adm.
at 85.

CONFIDENTIAL

For consideration at the next meeting of Council.

SMP 1974
8th July, 1960

MEMORANDUM NO. 29 FOR EXECUTIVE COUNCIL

Export Duties on Wool and Whale and Seal Oil

Members will recall that at the last meeting of Executive Council it was agreed that the present scale of export tax on wool should be replaced by an ad valorem tax with effect from and in respect of the 1960/61 wool clip and calculated on the following basis:-

	Ad valorem rate of duty
When the average gross selling price is less than 20d per lb . .	Nil
Reaches 20d but is less than 60d	3½%
" 60d " " " " 80d	4%
" 80d. and above	5%

2. The provisions that will be required to give effect to this decision have been incorporated in the draft resolution which is attached to this memorandum and which will have to be submitted to the Legislature. It will be noted that the resolution provides for each farm to be assessed separately. The following comparative figures will be of interest to Members -

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I Comparison between actual export duty paid and amounts payable had duty been assessed at an overall ad valorem rate of 3½% for the 1958/59 and 1959/60 financial years.

Clip	Financial Year	lbs of wool sold	Average selling price	Export Tax at 3½%	Export Duty Paid
1957/58	1958/59	4,551,347	41.408d	£27,484	£28,452
1958/59	1959/60	4,532,079	47.94d	£31,688	£28,389

II Comparison between receipts from the ad valorem rates and the present rates of duty based on a production figure of 4,468,750 lbs.

- See Appendix A -

3. Members are also asked to approve a proposal to reduce the incidence of taxation on the whaling industry in South Georgia by means of a reduction in the rate of duty on whale and seal oil production. At present duty is assessed on the average market price per ton for the season of first grade oil and is at the rate of 6d per barrel of 40 gallons for each £5 or part of £5 of such average market price. The companies do in fact pay 5/- per barrel before export and the balance (usually about 2/- 3/-) when all the oil for that season has been disposed of and the average price determined.

4. The production costs of the industry have risen considerably. In addition to the normal increase in the costs of wages, supplies and equipment, the South Georgia based catchers are having to operate a good deal further out to sea, thereby increasing running expenses and the post mortem time of the whales before processing, a factor that effects the quality and grade of oil produced. After consultation with the Secretary of State (the United Kingdom Government is of course closely concerned financially because any reduction in revenue from South Georgia will mean a corresponding increase in H.M.G's contributions to the Dependencies Survey) it has been agreed that some

reduction/.....

reduction in taxation that will encourage the companies to continue operating is not only equitable but in fact essential. It is therefore proposed to reduce the rate of duty to a flat 5/- per barrel payable on export. The net effect will be a reduction in the South Georgia revenue of approximately £20,000 a year at the present average price of £75 per ton. The overall revenue from South Georgia will still be more than sufficient to finance the administration and the annual subvention to the Colony. The necessary provisions to give effect to this proposal are contained in the attached draft resolution.

COLONIAL SECRETARY

AGDT/LH

D R A F T

THE CUSTOMS ORDINANCE (CAP. 16)

RESOLUTION

(under section 5 of the Ordinance)

No. 1960.

In exercise of the powers conferred on the Legislative Council by section 5 of the Customs Ordinance, it is hereby resolved by the Legislative Council as follows:-

Short title

1. This Resolution may be cited as the Customs (Amendment) Resolution, 1960.

Amendment of paragraph 3 of the Customs Order

2. Paragraph 3 of the Customs Order is hereby amended as follows:

(a) by deleting the words and comma "Commencing with the 1950/51 season." at the beginning of the paragraph and by substituting a capital letter for the small letter in the word "the";

(b) by deleting the words and figures from "When the average gross selling price per lb. of the whole Falkland Islands clip does not exceed 15d., nil." to the figures and words "0.5d. per lb." and substituting the following words and figures:

"Commencing with the 1960/61 season at the following ad valorem rates on the average gross selling price per lb. of the whole clip of each farm and butchery specified in the Schedule hereto:

	Ad valorem rate of duty
When the average gross selling price is less than 20d	Nil
Reaches 20d but is less than 60d	3½%
" 60d. " " " " 80d	4%
" 80d and above	5%";

(c) by deleting the words and figures from "The duty shall be assessed" to the words and figures "£5 of such average market price" and substituting the following words and figures:

"Commencing with the 1960/61 season at the rate of 5/- per barrel, payable on export, for every barrel of 40 gallons exported.".

Addition of Schedule to the Customs Order

3. The following Schedule shall be added to the Customs Order:

"SCHEDULE

Farms and Butcheries

1. Carcass Island
2. Chartres
3. Darwin (including Walker Creek and Lively Island)
4. Douglas Station
5. Fitzroy North and Bluff Cove
6. Fitzroy South (including Port Harriet and land in the holding of the Falkland Islands Company Limited to the North of the Wickham Heights)

7. Fox/.....

7. Fox Bay East (including Dunnose Head and Packe's Port Howard)
8. Fox Bay West (including Spring Point)
9. Hill Cove
10. Johnson's Harbour
11. McGill's butchery
12. Moody Valley
13. Mullet Creek
14. New Island (including Hummock Island)
15. North Arm (including Bleaker Island)
16. Pebble Island Group (including Grand and Steeple Jason Islands)
17. Port Howard
18. Port Louis North
19. Port San Carlos
20. Port Stephens
21. Rincon Grande
22. Roy Cove
23. Salvador
24. San Carlos
25. Saunders Island
26. Sea Lion Islands
27. Sparrow Cove and Weir Creek
28. Speedwell Island Group
29. Teal Inlet
30. The Falkland Islands Company's butchery
31. Weddell Island Group (inlcuding Beaver Island and the Passage Islands)
32. West Point Island (inluding Dunbar and Low Islands).".

Resolved by the Legislative Council this day of , 1960.

Clerk of the Legislative Council.

APPENDIX A

Average selling price	Amount received	Duty payable on Ad valorem basis	Duty payable on the basis of the present rate	
15d and under		-	-	
16	297,917	-	9,310	
17	316,536	-	9,310	
18	335,156	-	9,310	½d
19	353,776	-	9,310	
20	372,396	13,034	9,310	
21	391,016	13,686	13,965	
22	409,635	14,337	13,965	
23	428,255	14,989	13,965	
24	446,875	15,640	13,965	
25	465,495	16,292	13,965	¾d
26	484,115	16,944	13,965	
27	502,734	17,596	13,965	
28	521,354	18,247	13,965	
29	539,974	18,899	13,965	
30	558,594	19,551	13,965	
31	577,214	20,202	18,620	
32	595,833	20,854	18,620	
33	614,453	21,506	18,620	
34	633,073	22,157	18,620	
35	651,693	22,809	18,620	1d
36	670,312	23,461	18,620	
37	688,932	24,113	18,620	
38	707,552	24,764	18,620	
39	726,172	25,416	18,620	
40	744,792	26,068	18,620	
41	763,411	26,719	27,930	
42	782,031	27,371	27,930	
43	800,651	28,023	27,930	
44	819,271	28,674	27,930	
45	837,891	29,326	27,930	1½d
46	856,511	29,978	27,930	
47	875,130	30,629	27,930	
48	893,750	31,281	27,930	
49	912,370	31,933	27,930	
50	930,989	32,585	27,930	
51	949,609	33,236	37,240	
52	968,229	33,888	37,240	
53	986,849	34,540	37,240	
54	1,005,469	35,191	37,240	2d
55	1,024,089	35,843	37,240	
56	1,042,708	36,494	37,240	

Average selling price	Amount received	Duty payable on Ad valorem basis	Duty payable on the basis of the present rate	
57	1,061,328	37,146	37,240	
58	1,079,948	37,798	37,240	2d
59	1,098,567	38,450	37,240	
60	1,117,187	44,687	37,240	
61	1,135,807	45,432	46,549	
62	1,154,427	46,177	46,549	
63	1,173,047	46,921	46,549	
64	1,191,667	47,667	46,549	
65	1,210,286	48,411	46,549	2½d
66	1,228,906	49,156	46,549	
67	1,247,526	49,901	46,549	
68	1,266,146	50,646	46,549	
69	1,284,766	51,391	46,549	
70	1,303,385	52,135	46,549	
71	1,322,005	52,880	55,859	
72	1,340,625	53,625	55,859	
73	1,359,245	54,370	55,859	
74	1,377,865	55,115	55,859	
75	1,396,484	55,859	55,859	3d
76	1,415,104	56,604	55,859	
77	1,433,724	57,349	55,859	
78	1,452,344	58,094	55,859	
79	1,470,964	58,839	55,859	
80	1,489,583	74,479	55,859	
81	1,508,203	75,410	65,169	
82	1,526,823	76,341	65,169	
83	1,545,443	77,272	65,169	
84	1,564,062	78,203	65,169	
85	1,582,682	79,134	65,169	3½d
86	1,601,302	80,065	65,169	
87	1,619,922	80,996	65,169	
88	1,638,542	81,927	65,169	
89	1,657,161	82,858	65,169	
90	1,675,781	83,789	65,169	
91	1,694,401	84,720	74,479	
92	1,713,021	85,651	74,479	
93	1,731,641	86,582	74,479	4d.
94	1,750,260	87,513	74,479	
95	1,768,880	88,444	74,479	
96	1,787,500	89,375	74,479	

Average selling price	Amount received	Duty payable on Ad valorem basis	Duty payable on the basis of the present rate	
97	1,806,119	90,306	74,479	4d
98	1,824,740	91,237	74,479	
99	1,843,359	92,168	74,479	
100	1,861,979	93,098	74,479	
101	1.880,599	94,030	83,789	4½d
102	1,899,219	94,961	83,789	
103	1,917,839	95,892	83,789	

Note: Figures in the ad-valorem column have been calculated as follows:

20-59	3½%
60-79	4%
80 and over	5%

0542/A

P/Miss Falkland Is. 1

Communications to be addressed to
THE CROWN AGENTS
FOR OVERSEA GOVERNMENTS AND ADMINISTRATIONS
and the above reference quoted.

TELEGRAMS { INLAND : "CROWN, SOWEST, LONDON."
OVERSEA : "CROWN, LONDON."

TELEPHONE : ABBEY 7730.

4, MILLBANK,
LONDON, S.W.1.

COLD. SEC. 8-AUG 1962 FALKLAND ISLANDS

-5 JUL 1962

Sir,

I am directed to inform you that the sum of £961-19-6 has been received ~~recovered~~ from Douglas Station Ltd., London. being tax calculated at the ad valorem rate of duty 3½% of £54,484-19-5

The amount has been credited in the Falkland Islands account for the month of July 1962.

I am, Sir,

Your obedient servant,

Rob Lonsdale

THE COLONIAL SECRETARY,
FALKLAND ISLANDS.

P/130A C.A.L.

97

Mr B. S.,

Seen. Think you. Colbert of Boston should also see this letter.

H.P.
for C.T.
17.8.62

96.

B. of B.,
To see f. 94 pl.
for C.S.
21.8.62.

H.B.S.

Seen, thank you.

H.G.
B. of B.
21.8.62.

22.8.62.