

An aerial photograph of Gibraltar, showing the city built on a steep, rocky cliffside overlooking the Mediterranean Sea. The city features a mix of modern buildings and traditional architecture. The sea is a deep blue, with several large ships and smaller boats visible. The sky is clear and bright. A dark red vertical bar is overlaid on the left side of the image, containing the text and logo.

**SOVEREIGN**™

# GIBRALTAR TAX 2024 – 2025

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**SOVEREIGN TAX SERVICES**

## PERSONAL INCOME TAX

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Gibraltar operates a dual personal tax system. Taxpayers can opt to be taxed under the Gross Income Based System (GIBS) or the Allowance Based System (ABS).

Gibraltar's Income Tax Office will calculate the year end assessment on the basis of the system that is most beneficial for the taxpayer, regardless of the system that is chosen by the taxpayer.

Spouses/civil partners may elect either system, but restrictions apply to allowances and deductions where one spouse elects GIBS and the other ABS.

## GROSS INCOME BASED SYSTEM (GIBS)

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The income bands and tax rates for persons with assessable income up to £25,000 are as follows:

Taxable Income Bands	Rate	Tax on Band
£0 - £10,000	6%	£600
£10,001 - £17,000	20%	£400
Balance	28%	Up to £2,240

The income bands and tax rates for persons with assessable income of over £25,000 are as follows:

Taxable Income Bands	Rate	Tax on Band
£0 - £17,000	16%	£2,720
£17,001 - £25,000	19%	£1,520
£25,001 - £40,000	25%	£3,750
£40,001 - £105,000	28%	Up to £18,200
Balance	25%	

# DEDUCTIONS AVAILABLE UNDER GIBS

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## MAIN RESIDENTIAL PROPERTY

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A deduction from assessable income of up to £1,500 per annum is available for mortgage interest payments (23-24 £1,500).

A deduction from assessable income of up to £7,500 per annum is available in respect of approved expenditure incurred towards the purchase of their first home (23-24 £7,500).

## PROPERTY FRONTAGE ENHANCEMENT

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A deduction from assessable income of up to £5,000 is available in respect of expenditure incurred on painting, decorating, repairing and in general enhancing the appearance of the frontage of premises. Must be expenditure certified by Town Planner.

## APPROVED PENSIONS

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A deduction from assessable income up to £1,500 per annum is available in respect of employee contributions to approved occupational or personal pension schemes (23-24 £1,500). Employer contributions to approved occupational schemes are not taxable on the employee.

## MEDICAL INSURANCE

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A deduction from assessable income of £3,000 per annum is available in respect of premiums paid for Private Medical Insurance (23-24 £3,000).

## RENEWABLE ENERGY

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A deduction from assessable income of up to £6,000 over 2 years is available for the installation of renewable energy systems, specifically installation of water for the supply of electricity to a property, or photovoltaic panels or wind turbines for the supply of electricity to a property.

A similar deduction from assessable income for improvements to the EPC rating of a property, of up to 100%, depending on the category.

## ELECTRIC VEHICLE CHARGING INSTALLATION

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There is a deduction against tax liabilities available for the first £2,000 of the cost of installing a mechanism for the electric charging of a vehicle in the taxpayer's home, or in a parking space or garage owned by them, subject to approval.

## HEALTH & FITNESS

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From 1 July 2023, individuals who are enrolled in a gym or who contract a personal trainer who is registered with the Income Tax Office will be able to deduct 10% of the verified cost from their tax liability, i.e. a tax credit.

## PRIVATE EDUCATION

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From 1 July 2023, parents who are funding private school tuition for their children in Gibraltar will be able to set off 10% of the cost of that education from their tax liability i.e. a tax credit.

## ALLOWANCE BASED SYSTEM (ABS)

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The income bands and tax rates for persons with assessable income are as follows:

Taxable Income Bands	Rate	Tax on Band
£0 – £4,000	14%*	£560
£4,001 – £16,000	16%	£2,040
Balance	39%	

*\*This rate and income band does not apply to non-residents.*

## MAIN ALLOWANCES & DEDUCTIONS AVAILABLE UNDER ABS

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Every taxpayer entitled to tax allowances/deductions will have a minimum total of £4,343 allowances. In the case of elderly persons (men 65 and over, women 60 and over, age during the year) the allowances are 'topped-up' to £12,645.

### STANDARD ALLOWANCE

Personal allowance	£3,455
Spouse and civil partner allowance	£3,455

### AGE ALLOWANCE (WOMEN 60 & OVER, MEN 65 & OVER)

Age allowance (unmarried or married and not claiming spouse allowance)	£9,190
Married or civil partner allowance	£5,735

### LOW EARNINGS ALLOWANCE

Less than £11,450	no tax payable
Taper relief for income between £11,451 and £19,950 (22/23 £19,975).	

### NURSERY SCHOOL ALLOWANCE

Maximum per child attending a privately registered nursery in Gibraltar	£5,480
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CHILD ALLOWANCE (FIRST CHILD ONLY)	£1,190
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CHILD EDUCATED ABROAD (PER CHILD)	£1,375
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MATERNITY GRANT	£700
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PARENT OF DISABLED INDIVIDUAL ALLOWANCE	£10,000
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BLIND PERSON ALLOWANCE	£5,475
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ONE PARENT FAMILY ALLOWANCE	£5,800
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### DEPENDANT RELATIVE

Dependant resident in Gibraltar	£400
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Dependant non-resident in Gibraltar	£250
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### SOCIAL SECURITY RELIEF

(Available to those who pay full Social Security Contributions)

PAYE	£335
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Self-Employed	£432
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### MEDICAL INSURANCE ALLOWANCE

For premiums paid by an individual for personal cover or for spouse or dependant children cover (maximum)	£5,395
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APPRENTICE ALLOWANCE	£380
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### HOUSE PURCHASE ALLOWANCE

Deduction for purchase (once only)	£13,000
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Special deduction (£1,000 maximum p.a.)	£4,000
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## **MORTGAGE INTEREST RELIEF**

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Interest is fully allowable on loans of up to £350,000 to finance Gibraltar residential property occupied by the taxpayer.

## **PROPERTY FRONTAGE ENHANCEMENT**

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A deduction from assessable income (unlimited) is available in respect of expenditure incurred on painting, decorating, repairing and in general enhancing the appearance of the frontage of premises. Must be expenditure certified by Town Planner.

## **RENEWABLE ENERGY**

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A deduction from assessable income of up to £6,000 over 2 years is available for the installation of renewable energy systems, specifically installation of water for the supply of electricity to a property, or photovoltaic panels or wind turbines for the supply of electricity to a property.

A similar deduction from assessable income for improvements to the EPC rating of a property, of up to 100%, depending on the category.

## **ELECTRIC VEHICLE CHARGING INSTALLATION**

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There is a deduction against tax liabilities available for the first £2,000 of the cost of installing a mechanism for the electric charging of a vehicle in the taxpayer's home, or in a parking space or garage owned by them, subject to approval.

## **LIFE ASSURANCE PREMIUMS**

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Deductible, provided not exceeding one seventh of assessable income or 7% of the capital sum assured at death.

## **PENSION CONTRIBUTIONS**

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Contributions to approved occupational or personal pension schemes are deductible.

For approved occupational schemes, contributions eligible for relief are allowable up to one sixth of assessable income. Where the individual is taxable under GIBS this relief is limited to £1,500.

Employer contributions to approved occupational schemes are not taxable on the employee.

For approved personal pension schemes, overall contributions eligible for relief are subject to the lower of a 20% limit of earned income or £35,000. Where the individual is taxable under GIBS, this relief is limited to £1,500. Any employer contributions in excess of this are taxed as a benefit in kind.

## **TAX CREDIT FOR INDIVIDUALS**

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A tax credit amounting to the greater of £300 or 2% of the tax payable is available to all individuals under the Allowance Based System.

## **TAX CREDIT FOR WORKING PENSIONERS**

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For individuals over the age of 60, if in receipt of earned income but not in receipt of pension income in excess of £6,000 p.a., a tax credit of up to £4,000 is available.

## **STUDENTS**

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Earnings of a full time student are exempt from tax up to £11,450 per annum.

## **HEALTH & FITNESS**

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From 1 July 2023, individuals who are enrolled in a gym or who contract a personal trainer who is registered with the Income Tax Office will be able to deduct 10% of the verified cost from their tax liability i.e. a tax credit.

## **PRIVATE EDUCATION**

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From 1 July 2023, parents who are funding private school tuition for their children in Gibraltar will be able to set off 10% of the cost of that education from their tax liability i.e. a tax credit.

## **SINGLE PRACTITIONERS TAX CREDIT**

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From 1 July 2023, a tax credit for sole practitioners (lawyers), which will allow a deduction of 75% of fees payable to the LSRA.

# **SPECIFIC TAX PROVISIONS**

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## **INCOME FROM APPROVED PENSION SCHEMES**

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Generally, Gibraltar pension income from a statutory pension scheme, provident, or other approved scheme received by a member aged 60 or over is taxed at 0% (age 55 for certain essential services officers) and such income is not taken into account in establishing tax due on other income.

Income deriving from a Gibraltar “imported pension” (e.g. a QROPS) or a QNUPS, forms part of assessable income and is taxed at 2.5%.

## QUALIFYING SAVING INCOME

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Savings income (e.g. bank interest and dividends from shares listed on a recognised stock exchange) are exempt from income tax.

Deduction for costs in achieving net zero.

A tax computation deduction of an additional 50% is available in respect of any cost of expense of achieving net zero, subject to the Commissioner of Income Tax considering the deduction reasonable and directly associated with achieving the net zero objective (capped at £10,000 per annum).

## CATEGORY 2 RESIDENTS

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Taxed under the ABS, but only on the first £118,000 (23-24 £118,000) of assessable income. This results in a maximum annual tax payable of £42,380 (23-24 £44,740) and a minimum annual tax payable of £37,000 (23-24 £37,000).

This cap does not apply to certain local activities (e.g. Gibraltar rental profits received by the Category 2 resident) which are taxed separately, at their marginal rate i.e. 40%.

A Category 2 resident cannot generally engage in a trade, business or employment in Gibraltar, unless agreed in advance with the Finance Centre Director.

A one-off tax deposit of £42,380 (24-25) is required to be made on application, to cover final year tax liability. Any balance not due is refunded when the Category 2 residency certificate is relinquished.

## HIGH EXECUTIVES POSSESSING SPECIALIST SKILLS (HEPSS) RESIDENTS

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Taxed under the GIBS, but only on the first £160,000 (23-24 £160,000) of earned income. This results in a maximum annual tax payable of £43,140 (23-24 £43,140).

All Category 2 and HEPSS residents are required to maintain qualifying accommodation. In general, new applicants must not have been Gibraltar resident in previous years.

## RESIDENCY

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Individuals are ordinarily resident in Gibraltar if they are present in Gibraltar for either 183 days or more in a tax year, or more than 300 days in total in 3 consecutive tax years.

Ordinarily resident individuals are generally liable to tax in Gibraltar on their worldwide income.

Rules apply to restrict allowances and tax rate bands for individuals who are not ordinary resident for a complete tax year.



## **NON-RESIDENT DIRECTORS AND OCCASIONAL PRESENCE ACTIVITIES**

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No tax is charged on income from directors fees, if the individual is not ordinarily resident in Gibraltar and is present in Gibraltar for less than 30 days in a tax year.

This also applies to non-resident employees and non-resident self-employed whose activities (except for any which are ancillary to that work) are exclusively outside of Gibraltar.

## **TRUSTS**

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From 1 January 2011, a Trust is resident in Gibraltar if one or more of the beneficiaries are ordinarily resident in Gibraltar (excluding Category 2 residents) or the class of potential beneficiaries may include an ordinarily resident person.

A resident Trust is charged to tax on its assessable income. A non-resident Trust is only liable to tax on income accrued in or derived from Gibraltar.

The rate of tax for Trusts is 12.5% from 1 August 2021 (23-24 12.5%).

There can be taxation on Trust distributions to Gibraltar resident beneficiaries (excluding Category 2 residents).

## **FOUNDATIONS**

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From April 2017, a Foundation registered under Gibraltar's Private Foundations Act 2017, is resident in Gibraltar, unless persons ordinarily resident in Gibraltar (excluding Category 2 residents) and the issue of such persons have been irrevocably excluded from benefit.

A resident Foundation shall be charged to tax on its worldwide assessable income. A non-resident Foundation is only liable to Gibraltar tax on income accrued in or derived from Gibraltar.

The rate of tax for Foundations is 12.5% from 1 August 2021 (23-24 12.5%).

There can be taxation on Foundation distributions to Gibraltar resident beneficiaries (excluding Category 2 residents).

## **TAX ON GIBRALTAR PROPERTY DISPOSALS**

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Where 3 or more properties (including off-plan) are owned (other than primary residence or other exempted property) draft legislation has been introduced to tax the profit or gain derived from the property sales. This applies from 1 July 2024.

## SHORT TERM GIBRALTAR HOLIDAY LETS

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A new short terms Gibraltar holiday let mechanism to be introduced, every property will need to be registered and inspected. A fee and other conditions will apply. More details will be made available, but it is the Government's intention to roll out this scheme before the end of the 2024 calendar year.

## BENEFITS IN KIND

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Benefits in kind are taxed on employees and are defined in the Income Tax Act.

Benefits received by an employee of less than £250 in a year of assessment are not taxable.

Employers may opt to pay the tax on benefits on behalf of the employee by obtaining a dispensation from the Income Tax Office (at the rate of 20% or 29% depending on the value of the benefits).

Exemptions exist for accommodation provided by the employer for relocating executives. Changes will be made to this exemption to allow it to continue to apply even if the individual changes address in Gibraltar. The duration of this exemption will also be reviewed, to be reduced from 7 years, and transitional and anti-avoidance rule considered.

From 1 July 2014, all loans or advances made to a director, a shadow director or any connected person and the terms of the loan is such that an arm's-length rate of interest is paid and the loan agreement has received the approval of the Income Tax Office, the loan or advance shall not be treated as earnings from employment.

There is a benefit in kind tax exemption in respect of approved health insurance premiums paid by an employer on behalf of employees (including their spouse and children). This applies to premiums of up to £5,395 under ABS, and of up to £3,000 under GIBS. This exemption is reduced by any amount claimed by the taxpayer as a deduction for health insurance.

## CHARITABLE DONATIONS

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Under the Gift Aid Scheme, the Government pays the charity the equivalent of the tax suffered by the donor at the standard rate applicable to the donor. The limit on gifts under the scheme is £10,000 p.a. (23-24 £10,000). Process to simplify the scheme to commence.



## PAYROLL GIVING SCHEME

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A payroll giving scheme enables tax-free charitable donations to be made to approved charities through employment earnings up to a maximum of £5,000 p.a. We suggested this measure to the Government. Still to be implemented into law.

## SOCIAL INSURANCE

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Social Insurance contributions are based on gross earnings. From July 2024, weekly maximum rates are as follows:

Weekly Contributions	Employee	Max	Employer	Max
Employee (under 60)	10%	£38.85	18%	£53.55
Self-employed	20%	£51.00	-	-
Voluntary		£37.00	-	-

No contributions are payable if the individual is not in receipt of earnings.

Employee Social Insurance contributions are not payable when a contributor reaches the age of 60 (firemen/police officers at age 55).

Employers & employee contributions in respect of an employee's secondary employment are exempt, however, the employee must apply to the Income Tax Office in writing for this exemption to be effected.

Social Insurance contributions made by young employees will start accruing towards the contributor's pension from age 15. Income earned by a full time student is exempt from social insurance contributions.

## STATUTORY MINIMUM WAGE

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£8.90 per hour (i.e. £17,355 per annum) (23-24 £8.60).

## 2024/2025 TAX FREE LUMP SUM PAYMENTS

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Public sector workers in a specific pay band will receive a tax-free lump sum payment.

- Those below a basic salary of £50,000 will receive £1,200.
- Basic pay between £50,000 and £75,000 will receive £900.
- Basic pay between £75,000 and £100,000 will receive £600.
- Those receiving above £100,000 will not receive a lump sum.

## COMPANY INCOME TAX

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- Gibraltar's territorial taxation basis generally taxes only income which is accrued in or derived from Gibraltar. A standard 15% (23-24 12.5%) rate of company income tax applies to almost all companies.
- All companies registered in Gibraltar are required to file a tax return.
- Utility and fuel suppliers, and companies abusing a dominant market position, are taxed at a higher rate of 20%. From 1 July 2016 the lower rate applies for Telecoms companies on business generated from non-telecommunication services, such as Data Centres. The 20% tax rate still applies to the profits and gains arising from the telecommunication activities.
- For companies licenced and regulated in Gibraltar, profits are deemed to accrue in and derive from Gibraltar, except for activities carried on outside Gibraltar by a branch or permanent establishment.
- In light of approx. £2.1bn accumulated corporate tax losses, draft legislation has been released to restrict the use of carry forward relief of corporate tax losses. Unutilised losses will continue to be able to be will be slowed. This will apply from 1 July 2024 to companies in financial services and gaming.
- From 1 July 2013, where a Gibraltar registered company receives interest on a loan from another company (or companies), in excess of £100,000 per annum, it shall be deemed to be in receipt of income taxable in Gibraltar.
- From 1 January 2014, royalties that are received by companies registered in Gibraltar are subject to tax.
- From 31 December 2015, under Parent and Subsidiary Rules, (Sch 5 ITA), a parent company may be liable to Gibraltar tax in respect of income from any relevant participation (i.e. subsidiary) if such income is not taxable in the hands of the subsidiary.
- On 2 July 2018 it was announced that changes will be introduced to allow companies to transfer losses on group restructures, so long as there is no change of ultimate ownership and no change in the nature of the business within a period of 3 years. The changes will allow tax losses to be carried forward against a business even if the business is transferred to another company under the same ultimate ownership.
- From November 2018, non-trading rental income arising from movable property located outside of Gibraltar received or receivable by a company registered in Gibraltar is deemed to accrue in and derive from Gibraltar and hence is taxable.
- Deduction for costs in achieving net zero. A tax computation deduction of an additional 50% is available in respect of any cost of expense of achieving net zero, subject to the Commissioner of Income Tax considering the deduction reasonable and directly associated with achieving the net zero objective (capped at £10,000 per annum).
- The audit threshold, which determines whether accounts filing with the Income Tax Office are required to be audited or not, is £1.5m. In March 2024 the government launched a public consultation on the audit threshold for companies in Gibraltar.
- For small scale start-ups, a capped 200% credit (lower of 200% or £5,000) in respect of architects and Government fees incurred in respect of successful planning applications under the Town Planning Act, available in the first 3 years of operation.
- Business may claim a deduction for expenditure on works carried out to improve access for people with disabilities to their premises, up to a maximum of £15,000, subject to conditions. This applies to such expenditure between 1 July 2019 and 30 June 2024.

## CAPITAL ALLOWANCES

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Capital allowances are available at the following rates where accounting period ends after 30 June 2023:

<b>Plant &amp; Machinery</b> <i>(including fixtures &amp; fittings &amp; private vehicles that are partly used for the production of income, if the vehicle is fully electric)</i>	100% allowance of expenditure up to £30,000
<b>Computer Equipment</b>	100% allowance of expenditure up to £50,000
<b>Annual Pool Allowance*</b>	30% for utility companies or those abusing a dominant market position
	15% for any other company
<b>Industrial Buildings</b> <i>(including hotels, factories or other similar premises)</i>	4% annual allowance

*\*For accounting periods of less than twelve months the pool allowance shall be apportioned by reference to time.*

## INCOME TAX RULINGS

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From October 2018, an Income Tax Ruling procedure is in place in order for the Commissioner of Income Tax to give rulings at the request of actual or potential taxpayers.

## PROPERTY MEASURES

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A pre-notification procedure where construction-type services are provided to homes in Gibraltar by suppliers outside of Gibraltar. This will involve imposing a withholding tax to ensure that tax is paid by the suppliers.

A one-off deduction for individuals and companies on the investment made in connection with significant improvement to the Energy Performance Certificate rating of their premises.

With effect from 24 February 2022, Gibraltar residents have a legal requirement to register and detail the names of all persons who are residing in their property whether owned by them, rented, or licensed by them, within a period of 3 months, on the register of property occupation.

## TAX YEAR

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The tax year runs from 1 July to 30 June.

## DUE DATES FOR PAYMENT OF TAX

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<b>Employment Income (including company directors)</b>	Tax paid via PAYE
<b>Companies</b>	<ul style="list-style-type: none"><li>• Payment on Account of 50% by 30 September</li><li>• Payment on Account of 50% by 28 February</li><li>• Any remaining balance within nine months of end of accounting period</li></ul>
<b>Self-employed and other (including Category 2 and trusts)</b>	<ul style="list-style-type: none"><li>• Payment on Account of 50% by 31 January</li><li>• Payment on Account of 50% by 30 June</li><li>• Any remaining balance by 30th November following the end of the tax year</li></ul>

## TAX RETURN FILING DATES

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Gibraltar operates a “self-assessment” regime. The responsibility is on taxpayers to submit tax returns of their assessable income.

For employees, self-employed and trusts, tax return filing date is 30 November.

For companies, it is 9 months after financial year end for tax return, accounts and dividend returns.

For accounting periods ending after 1 January 2016 all companies registered in Gibraltar, irrespective of whether they are in receipt of assessable income are required to file a tax return and accounts.

For accounting periods ending on, or after 1 January 2016, all companies incorporated in Gibraltar (except those whose shares are listed on a recognised stock exchange) that declare a dividend are required to file a return of dividends.

## PENALTIES & SURCHARGES

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A range of penalties and surcharges can be imposed for various defaults, including:

- Late payment of tax
- Late or incomplete returns
- Incorrect returns
- Tax evasion
- Non-payment of PAYE or Social Insurance
- Failure to report notifiable arrangements
- Non compliance with information requests

## TAX RECOVERY STRATEGY

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The Commissioner has published a “Name and Shame” list in the Gibraltar Gazette setting out the names of defaulting employers. This list publishes details of self-employed individuals and companies. It will also extend to Social Insurance and allow the Commissioner to publish the list in any newspaper circulating in Gibraltar.

## ANTI-AVOIDANCE MEASURES

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The Commissioner can look through part or all of any arrangements which are deemed to be artificial and/or fictitious and whose purpose is to reduce or eliminate the tax payable in Gibraltar.

Specific anti-avoidance provisions exist, for example transfer of assets abroad, thin capitalisation, transactions with connected persons, dual employment contracts, etc.

A taxpayer may apply to the Commissioner for confirmation that a transaction does not fall foul of the anti-avoidance provisions.

Promoters of a scheme are required to notify the Commissioner of any arrangements which will reduce the tax due by a taxpayer.

From 1 January 2019, the Anti Tax Avoidance Directive applies in Gibraltar. This includes an interest limitation rule, controlled foreign company rule and hybrid mismatch rule. The exit taxation rules were adopted in Gibraltar for accounting periods commencing on or after 1 January 2020.

On 21 January 2021 Gibraltar announced that following the approach adopted in the UK, DAC6 reporting in Gibraltar will be limited to cross-border arrangements falling within Category D hallmarks (CRS avoidance arrangements and opaque offshore structures). Regulations have been enacted to amend the Income Tax Act 2010 and the changes take effect from 1 January 2021.

## OTHER TAXES

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### STAMP DUTY

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Stamp Duty is charged on the transfer of title of Gibraltar Real Property.

In the case of transfers of properties between spouses, Stamp Duty is abolished.

All initial purchases of properties by homebuyers in affordable housing estates developed by the Government will be exempt from Stamp Duty.

Stamp duty is being considered on assignment of off-plan purchase agreements.

First and second time homebuyers allowance - restricted to properties under £800,000.

## RATES

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Downsizing incentive for seniors (65+) the equivalent of the first-time home buyers' allowance will be introduced for those selling after the age of 65 and moving to smaller property.

If first or second time buyer the rates are:

Value of property transferred	Rate of duty
£0 – £300,000	Nil
£300,001 – £350,000	5.5%
Balance above £350,000	3.5%

If not a first or second time buyer the rates are:

Value of property transferred	Rate of duty
£0 – £200,000	Nil
Purchase price of £200,001 – £350,000	2.0% on first £250,000 (5.5% on the balance)
Purchase price of £350,001 – £800,000	3.0% on first £350,000 (3.5% on the balance)
Purchase price over £800,000*	3% on first £350,000, 3.5% on next £450,000 and 4.5% on balance

*\*Increase from £260,000 to £300,000 and new band for purchase price over £800,000 introduced in 2023 Budget. Awaiting further details.*

## SPECIAL STAMP DUTY

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From 1 July 2018, a special stamp duty rate of 7.5% is introduced for certain affordable housing properties, on resale within 10 years, rules apply.

From 1 July 2021, a special stamp duty rate of 5% is introduced on the purchase of berths at Small Boats Marina.

- Special Stamp Duty should not apply to sales after an acquisition of an affordable home on the open market. It applies to those selling after purchasing from the Government or otherwise not buying with the benefit of the taxpayers subsidy.
- Special Stamp Duty on off-plan purchases - New Purchase agreements and assignments will be registrable instruments with 0.5% payable on Assignment of Purchase Agreement (by the assignor).

## CAPITAL DUTY

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Capital Duty at a flat fee of £10 is due on:

- The creation and increase of share capital of a Gibraltar company, and/or
- The issue of loan capital



## GAMING TAX

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From 1 April 2018, annual licence fee of £100,000 for each B2C licence and £85,000 for each B2B licence, plus gaming tax paid only by B2C's on their gross receipts (both gaming receipts and betting receipts) at the rate of 0.15% (after £100,000 gross profit tax exemption).

## EXCISE/IMPORT DUTY

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Excise Duty is levied mainly on spirits, wines & tobacco and mineral oils.

Import duty is levied on various goods at different rates.

Tobacco licence fees increased substantially from 1 July 2018.

The more environmentally friendly the less the rate of duty. For example, all single use plastic items not covered by regulations are subject to duty at 200% but import duty on all cotton bags and aluminium bottles is reduced to 0%.

Many goods are charged at 0% e.g. hybrid vehicles, classic vehicles (i.e. of historical interest and over 30 years old that are no longer in production), pleasure crafts, yachts, musical instruments, televisions, items for the elderly, disabled, and infirm, prams, sports or dance apparel imported by or for a sport or dance association and indoor sports equipment.

Duty at 10% on fizzy and other soft drinks with a sugar content of above 5 grams per 100 millilitres.

Duty on gold bullion has been decreased from 6% to 1%.

High value retail items (i.e. in excess of £25,000) imported by a retailer may be able to apply to be liable to duty at the point of sale. Only applicable to Main Street traders and strict rules apply.

Duty on private importations of works of art and collector's pieces of a value over £1,000 increased from 0% to 3%.

- 5% pleasure-craft import duty, cap at £35k.

## **ELECTRIC VEHICLE INCENTIVE**

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By 1 July 2030 every vehicle registered in Gibraltar will have to be a hybrid at least.

Cashback on:

- full electric vehicles is increased to £2,500 per vehicle and the import duty will remain at zero
- hybrids is reduced to £250 per vehicle, the import duty also remains at zero
- full electric motorbikes is £150 per vehicle and electrically assisted bicycles without a throttle where the electric engine cuts off at a speed of 25 kph is £200 per vehicle
- Electric vehicles remain at zero % import duty, along with vehicles propelled by hydrogen or hydrogen fuel cells.
- Mild hybrid vehicles import duty 10%.
- Full hybrid/plug in hybrid vehicles import duty 5%.
- Both of these duties will not apply to vehicles already ordered or ordered before 30th September 2024, even if delivered after.

## **SUSTAINABLE TOURIST TAX**

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From 1 August 2022, all visitors using hotels or other short-term accommodation will pay £3 per person per night, to be paid into a Climate Action Fund. Cruise passengers are to pay an environmental levy of £1.

## **TAXATION OF CAPITAL AND VAT**

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Gibraltar has no capital gains tax, no wealth tax, no inheritance tax, no gift tax and no value added tax.

## **DOUBLE TAXATION AGREEMENTS**

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Gibraltar has a signed Double Taxation Agreement (DTA) with the United Kingdom. It was signed on 15 October 2019 and entered into force on 24 March 2020. The Agreement takes effect in the United Kingdom from: 1 May 2020 for taxes withheld at source, 6 April 2020 for Income Tax and Capital Gains Tax and 1 April 2020 for Corporation Tax. The Agreement takes effect in Gibraltar from: 1 May 2020 for taxes withheld at source, 1 July 2020 for Income Tax and 1 July 2020 for Corporation Tax. This is Gibraltar's first (and currently only) OECD model agreement. It is hoped that more DTAs will be entered into by Gibraltar.

Separately, an International Taxation Agreement between the United Kingdom and Spain, regarding Gibraltar was signed on Monday 4 March 2019 and ratified by both the UK and Spain in March 2021. It is in force, with some of the provisions (i.e. the residency provisions) taking effect from 1 July 2021 in Gibraltar and from 1 January 2022 in Spain.

## FOR MORE INFORMATION CONTACT

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SOVEREIGN TAX SERVICES (“STS”) the Gibraltar-based tax advisory and tax compliance firm provides tax support to individuals, companies, employers, pension schemes and trusts. It specialises in Gibraltar taxation and UK taxation for non-UK residents. Given its expertise and experience, STS can dual-handle Gibraltar and UK tax to provide joined-up tax solutions. STS are proud to be the first registered tax adviser with the Gibraltar Financial Services Commission (GFSC).



Owners of investment property are legally required to ensure compliance with their tax obligations. This can be more challenging when the property is located in a different country to the owner’s country of residence, but with increasing international information exchange the pressure to comply intensifies. For Gibraltar or UK investment property, Sovereign Tax Services can guide and assist by providing the following services at reasonable rates:

#### **GIBRALTAR PROPERTY**

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If rented out, landlord registration with the Gibraltar Income Tax Office and preparation and filing of annual Gibraltar Tax Returns reporting the rental profits. This may include a calculation of any available capital allowances and consideration of any available tax credit for new property rentals.

Gibraltar and non-Gibraltar resident landlords are legally required to file such tax compliance.

On 24 February 2022, the Gibraltar Government announced the launch of its Register of Property Occupation, by commencement of the Register of Property Occupation Act 2021. This Register is fully integrated into the Gov.gi eServices portal and should provide the Government with an accurate and live record of people who reside in Gibraltar.

With effect from 24 February 2022, Gibraltar residents have a legal requirement to register and detail the names of all persons who are residing in their property whether owned by them, rented or licensed by them, within a period of 3 months. For rented property, this requires tenants and landlords to provide details to be maintained in the Register. There are fines for non-compliance.

It is highly recommended that landlords of Gibraltar property (whether resident themselves in Gibraltar or not) review their tax arrangements and ensure that they are compliant and up-to-date as soon as possible. Sovereign Tax Services provide Gibraltar tax compliance services to landlords, helping to provide peace of mind that tax affairs are dealt with correctly and are up to date.

#### **UK PROPERTY**

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Many non-UK residents own UK property, this is often a result of retaining a previous UK residence or having built up a property portfolio in the UK. The UK tax law in this area has changed rapidly and significantly in recent years. This poses challenges for non-UK resident owners who are often unaware of such developments.

Sovereign Tax Services can assist with reviewing the UK tax position in order to plan for the future and to avoid being caught unawares. We can prepare and submit online any UK Self-Assessment tax reporting required and provide peace of mind. A review undertaken in good time can save considerable cost and anxiety in the long term.

In particular, Sovereign Tax Services can provide the following services:

- If rented out, registration with HMRC as a Non-UK Resident Landlord
- Preparation and online filing of annual UK Income Tax Returns.
- For any property disposals, advising on the UK Non-Resident Capital Gains Tax position.
- Advising on the UK Inheritance Tax position with respect to the UK property ownership.

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An aerial photograph of Gibraltar, showing the city built on a rocky peninsula overlooking the Mediterranean Sea. The city is densely packed with buildings, and the harbor is filled with ships and boats. In the background, the Spanish mainland and mountains are visible under a clear blue sky.

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