



SOVEREIGN™

ESTABLISHING RESIDENCY IN GIBRALTAR





Establishing Residency in Gibraltar

Gibraltar is a self-governing British Overseas Territory, that is economically prosperous by virtue of its highly diversified economy. Key sectors include financial services, FinTech, gaming, maritime and tourism.

Gibraltar has a Westminster-style Parliament and is responsible for its own internal affairs whilst foreign affairs and defence remain the responsibility of the UK Government.

With a sophisticated range of banking, legal, accountancy and other professional services, an excellent communications network and 'passporting' rights into the UK, the 'Rock' of Gibraltar remains a unique home for individuals and businesses.

Gibraltar enjoys a close relationship with the UK, as well as a geographical connection to mainland Europe and Africa, being situated at the southern tip of the Iberian Peninsula, strategically positioned at the western end of the Mediterranean. Gibraltar shares a land border with Spain to the north. 14 kilometres to the south is Morocco, on the other side of the Strait of Gibraltar, one of the world's most important shipping lanes. Gibraltar benefits from temperatures ranging from 16°C in the winter to well above 30°C in summer and boasts an average of 300 days sunshine per year.

As a result, an increasing number of individuals, be they employed, self-employed, retired and/or high-net-worth individuals ('HNWIs'), are taking advantage of the fiscal and lifestyle advantages attainable by relocating to Gibraltar.

Taxation in Gibraltar

Gibraltar's principal tax statute is its Income Tax Act ('ITA') 2010. This ITA amends and consolidates the previous Act whilst generally maintaining the territorial basis of taxation in a more defined form.

Generally, persons are subject to income tax in Gibraltar on income accruing in or derived from Gibraltar. An ordinarily resident individual is also liable to Gibraltar income tax on certain types of income from non-Gibraltar sources (e.g. foreign employment income), subject to any Double Taxation Agreement override. Nonetheless, many exemptions from Gibraltar income tax exist, such as bank and building society interest, dividends from quoted companies, dividends paid by one company to another, and dividends paid to non-residents.

Furthermore, Gibraltar does not levy capital gains tax, inheritance tax, wealth tax, gift tax, sales tax or VAT.

Companies liable to Gibraltar income tax, generally pay tax at 15% on their profits that accrue in or derive from Gibraltar.





Sovereign Group and Sovereign Tax Services

The Sovereign Group opened its first office in Gibraltar in 1987 and has since grown into one of the largest independent providers of corporate, private client, retirement planning, insurance and tax services with a presence in over 20 jurisdictions around the world. We currently manage over 20,000 structures for a wide variety of clients – companies, entrepreneurs, private investors or HNWIs and their families and have assets under administration of more than £20 billion.

Sovereign Tax Services (STS), is a Gibraltar-based tax compliance and tax advisory firm, specialising in Gibraltar tax and residency services and UK tax services for non-UK residents. Given its expertise and experience, STS can dual-handle Gibraltar and UK tax to provide joined-up tax solutions. It provides tailored tax advice, advises on and manages application processes, as well as ongoing tax and residency compliance and practical relocation services, along with providing introductions to professional service providers, such as real estate firms. As part of the Sovereign Group, it can also utilise its international tax and structuring expertise to advise on international arrangements across multiple jurisdictions.

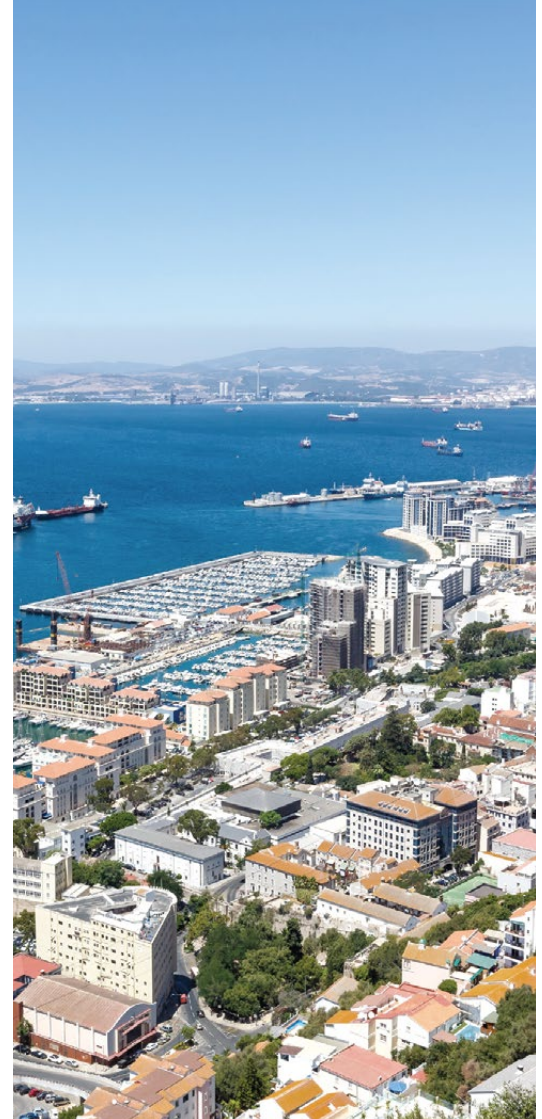
Gibraltar Residency

Establishing residency in Gibraltar enables individuals and their qualifying dependants to enjoy a range of benefits, including:

- The right to live, work and/or retire in Gibraltar.
- The option to include qualifying dependants, including spouse and children aged 18 or under.
- A secure and safe environment in which to live.
- Access to quality educational institutions.
- World-class medical facilities.
- A legal system based on that of England and Wales and the common law and rules of equity apply. Gibraltar has its own parliament that passes its own statute law.
- Access to highly educated, skilled and multilingual workforce.

To relocate to Gibraltar and obtain a permit of residence, as required under local immigration law, individuals need to be either:

- Employed in Gibraltar with a Gibraltar company or company registered as an employer in Gibraltar. This includes employment under the High Executive Possessing Specialist Skills (HEPSS) regime.
- Obtain 'Category 2' status in Gibraltar – a fiscally attractive regime specifically for HNWIs.
- Self-employed in Gibraltar, or
- In receipt of a UK State Pension.



High Executives Possessing Specialist Skills (HEPSS)

HEPSS is for employed individuals who earn more than £160,000 per annum in Gibraltar and possess the specialist skills necessary to promote and sustain the Gibraltar economy or develop and achieve growth in a particular area that the Government is seeking to facilitate and encourage.

For individuals qualifying for the HEPSS regime, prescribed assessable income is capped at £160,000 with tax payable in accordance with the Gross Income Based tax system. This results in an annual tax liability of £39,940 (2024/2025 rates). This tax is pro-rated in tax years of arrival and departure.

Individuals are required to satisfy the following HEPSS conditions:

- The applicant must have specialist skills that are necessary to promote and sustain economic activity of particular economic value to Gibraltar or the establishment, development or growth of which the Government is seeking to facilitate and encourage.
- Those skills are not available in Gibraltar and are important for the economic development and growth of Gibraltar.
- The applicant will occupy a high executive or senior management position.
- The applicant will earn more than £160,000 per annum in Gibraltar.
- The applicant must have exclusive use of approved HEPSS property. The property may either be bought or rented.
- The applicant has not previously been resident or working in Gibraltar within the three years preceding the application.
- A Government fee of £1,168 must be paid (2024/2025 rates).

HEPSS status is awarded on the decision of the Finance Centre Director.

In addition to assessable income under the HEPSS regime being capped at £160,000, Gibraltar does not levy capital gains tax, inheritance tax, wealth tax, gift tax, sales tax or VAT, and there is no tax on many types of investment income.

Category 2 Status

The Qualifying (Category 2) Individuals Rules 2004 provide for a well-established regime that limits income tax for HNWIs wishing to reside in Gibraltar.

Category 2 individual certificate holders are only taxed on the first £118,000 (2024/2025) of their assessable income, irrespective of the total figure, under the allowance based system. Currently, the minimum annual tax liability is £37,000 and the maximum annual tax liability is £42,380.

To obtain Category 2 status in Gibraltar the following conditions must be satisfied:

- The applicant must have a minimum net wealth of £2 million.
- The applicant must have exclusive use of approved Category 2 property. The property must be of a certain standard and appropriate to sustain the lifestyle of the individual and family. The property may either be bought or rented.
- Generally, the applicant must not undertake business activities that compete with local entities that derive their income from within Gibraltar. Certain local activities are permitted, with the approval of the Finance Centre. Such income will be taxed separate to, and in addition to, the Category 2 tax.





- From 1st July 2022, all Category 2 individuals are required to pay a deposit of tax for their final year of Category 2 status. This equates to the maximum Category 2 tax for the tax year (currently £42,380). New Category 2 individuals will be required to pay this amount (of currently £42,380) on Category 2 application, together with the £1,197 application fee (2024/2025 rates). Any tax deposit paid in advance will be repaid to the Category 2 Individual at the time their Certificate is surrendered or relinquished. The amount repaid will be after deduction of any balance of final year tax due.
- Provide evidence that they hold suitable private medical insurance cover (including any dependants) in the event of illness in Gibraltar. The applicant and family may not rely on the Government of Gibraltar for medical treatment.

There are restrictions applying where the applicant has previously been resident or working in Gibraltar within the preceding five years.

Category 2 status is awarded on the decision of the Finance Centre Director.

In addition to assessable income under the Category 2 regime being capped, Gibraltar does not levy capital gains tax, inheritance tax, wealth tax, gift tax, sales tax or VAT, and there is no tax on many types of investment income.

Self-Employed Individuals

Gibraltar offers the option to establish residency through self-employment.

This pathway is suitable for entrepreneurs, small business owners and freelancers.

To qualify as a self-employed individual, applicants must:

- Register a business name (if desirable) in Gibraltar.
- Obtain appropriate licences (e.g. business licence from Office of Fair Trading) and registrations (e.g. with the Income Tax Office) as required.
- Establish a business in Gibraltar, providing these services from Gibraltar.
- Where required, organise a business premises.
- Demonstrate financial sustainability and be able to support themselves and their dependants.
- Either rent or own a property in Gibraltar.





Self-Sufficient UK State Pensioners

UK state pensioners who wish to retire in Gibraltar can establish residency by transferring their UK medical rights to Gibraltar, which allows them to access healthcare services under the Gibraltar Health Authority (GHA).

To qualify as a self-sufficient UK state pensioner applicants must:

- Be in receipt of a UK state pension.
- Transfer their UK medical rights to Gibraltar.
- Either rent or own a property in Gibraltar.
- Not engage in full-time employment, although part-time or voluntary work may be permitted.
- Maintain sufficient financial resources to support their lifestyle in Gibraltar.

Comprehensive Tax and Residency Services

Sovereigns' Gibraltar and international teams work closely with applicants during each stage of the planning and implementation process.

When combined and managed correctly, the following Sovereign Group services enable individuals, families and businesses to develop and implement a comprehensive, flexible and tax efficient strategy:

- Preparation and submission to Gibraltar's Finance Centre of applications for HEPSS and/or Category 2 status.
- Preparation and submission of Gibraltar permits of residence and civilian registration card applications and renewals, as required under Gibraltar immigration law.
- Tax residency advice, which can include UK Statutory Residency Test advice and Gibraltar tax residency advice. It's important to note that an individual can be resident in Gibraltar (per the above) but not tax resident unless certain criteria are satisfied.
- Annual tax compliance services.
- Registration with the required Government departments and applications for any required licences.
- Exchange of driving licences.
- Registration with Gibraltar Health Authority (except Category 2 individuals who are required to hold suitable private medical insurance cover).
- Assessing the benefit of any UK pension transfer, under the UK's Qualifying Recognised Overseas Pension Scheme (QROPS) regime
- Creation and management of trusts, companies, pension schemes within the Sovereign Group of Companies
- Wealth management.
- International life and medical insurances.



Contact us to find out more about Gibraltar

For further information and/or to discuss your requirements, please contact Sovereign Tax Services on tax.gib@SovereignGroup.com or +350 200 76173.

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