

STAMP DUTY

Only payable on real estate and capital transactions at the following rates:

• share capital (flat rate)	£10
• loan capital (flat rate)	£10

On purchase of homes as follows:	• up to £160,000	nil
	• between £160,001 & £250,000	1.26%
	• between £250,001 & £350,000	1.6%
	• over £350,000	2.5%

IMPORT DUTIES

Levied on goods imported into Gibraltar, mostly at rates 0% - 12%.

EXCISE DUTIES

Levied mainly on spirits, wines, tobacco and mineral oils.

SOCIAL INSURANCE CONTRIBUTIONS 2009/2010

Contributor:	% payable on employee's gross earnings	Min payable (per week)	Max payable (per week)
Employer	20%	£15.00	£29.97
Employee (under 60)	10%	£5.00	£23.74
Employee (age 60 & over)	-	-	-
Self-employed	20%	£10.00	£27.43

No contributions are payable if person is not in receipt of earnings. Income earned by a student whilst on holiday is also exempt.

Contribution credits apply in certain cases including employees on sick or maternity leave and persons attaining the age of 60 years, or on attaining the statutory occupational retirement age, up to the age of 65 years.

STATUTORY MINIMUM WAGE

As from 1 January 2009 - £5 per hour.

FORTHCOMING MEASURES

Lowering of corporate tax rates

Government has announced the introduction of an across the board flat, low corporate tax rate of 10% with effect from 1 January 2011. Energy and utility providers will pay a 10% surcharge. The preceding year basis of assessment will be abolished in favour of an actual basis.

USEFUL GIBRALTAR WEB SITES

Baker Tilly (Gibraltar) Limited - www.bakertillygibraltar.gi

Govt. of Gibraltar Information Services - www.gibraltar.gov.gi

Gibraltar Laws - www.gibraltarlaws.gov.gi

Gibraltar Federation of Small Businesses - www.gfsb.gi

Chamber of Commerce - www.gibraltarchamberofcommerce.com



BAKER TILLY (GIBRALTAR) LTD

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 - **Receivership & Liquidations** • **Taxation**
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Note: Whilst every effort has been made to ensure accuracy, the information contained in Tax Facts may not be comprehensive and recipients should not act upon it without seeking professional advice. The figures herein are based on the Budget Measures announced in June 2009 and may be affected by subsequent legislation. Baker Tilly is a trademark of the UK firm Baker Tilly UK Group LLP, used under license.

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Gibraltar Tax facts 2009/2010

**BAKER TILLY
(GIBRALTAR) LTD**
Chartered Accountants

GIBRALTAR TAX FACTS 2009/2010

(From 1 July 2009 to 30 June 2010)

INCOME TAX

Choice of Personal Tax systems

As from 1 July 2007 taxpayers may opt to be taxed under an Allowance Based system [see (A) below] or under a Gross Income Based System [see (B) below]. In the case of spouses, where one spouse opts for the gross income based system and the other for the allowance based system, conditions apply on the latter's entitlement to allowances. The Commissioner of Income Tax will calculate the final assessment on the basis of the system which is most beneficial for the taxpayer, irrespective of the system that is chosen by the taxpayer at the beginning of the tax year.

(A) ALLOWANCE BASED SYSTEM

Taxable Income Bands	Rate %	Tax on band
£0 - £4,000	17 (reduced rate)	£680
£4,001 - £16,000	30 (standard rate)	£3,600
Over - £16,000	40	-

PRINCIPAL INCOME TAX ALLOWANCES & RELIEFS

	2009/10	2008/09
Personal allowances		
Personal	£2,735	£2,660
Spouse allowance	£2,560	£2,490
Nursery School Allowance (per child)	£995	£965
Child Relief		
In respect of first child only	£970	£940
In respect of each child educated abroad	£1,075	£1,045
Disabled Person	£2,650	£2,575
Dependent Relative (maximum)	£185	£180
Blind Person	£610	£590
Apprentice	£370	£360
Single parent	£2,560	£2,490
House Purchase Allowance		
Deduction	£11,500	£11,500
Special (£1,000 max p.a.)	£4,000	£4,000
Social insurance		
Employee	£335	£335
Self-employed	£432	£432

OTHER ALLOWANCES & RELIEFS

Low Income Earners Allowance

Persons earning less than £8,000 will be entitled to an additional tax allowance so that no tax is payable by such persons. An additional tax allowance is also given to taxpayers whose earned income for the tax year is less than £19,500.

Students

Earnings during school and university vacations are exempt from tax.

Mortgage Interest Relief

Interest fully allowable on loans to finance Gibraltar residential property occupied by the taxpayer. Allowance restricted on loans issued on or after 1 July 2008 to a maximum of £300,000. Loans issued before 1 July 2008 of over £300,000 will be grandfathered with the amount over the limit which is allowable being reduced by 1/10th per annum.

Life Assurance Premiums

Premiums fully allowable provided they do not exceed 1/7th of assessable income or 7% of the capital sum assured at death. In respect of policies issued on or after 3 June 2008 the allowance is limited to basic tax rate of 17%.

Working Pensioners' Relief

Persons over the age of 60 who are not in receipt of an occupational pension scheme and continue to work are entitled to a tax credit of up to £4,000.

Medical Insurance Allowance

First £1,090 (2008/09 - £1,060) of eligible premiums paid in the tax year by an individual for personal health insurance cover or for the benefit of that individual's spouse or dependent children is fully allowable.

'Topping-up' Allowances

Individuals whose total allowances are less than £3,600 will have their allowances 'topped up' to £3,600. In the case of elderly persons (men aged 65 and over; women aged 60 and over) the allowances are topped-up to £10,590 (2008/09 - £10,300).

Pension Contributions and withdrawal of capital (tax-free)

Contributions to approved personal or occupational pension schemes are allowable subject to certain limits. There is no requirement to buy an annuity. In addition, pensioners may withdraw the whole of the capital tax-free. With effect from 25 June 2009, the possibility to 'carry back' excess contributions to earlier tax years was abolished.

Income from occupational pensions

Income from occupational pensions is taxed at 0% for persons aged 60 or over (age 55 for ex-policemen and ex-firemen)

Savings Income

Income from qualifying investments (mainly interest from bank & building society deposits and income from quoted investments) is tax free.

Gibraltar Government Debentures

Investments in various Government debentures are exempt from Income Tax.

Approved* Expenditure On Premises

Expenditure incurred up to 31 Dec. 2009 on painting, decorating, repairing and, in general, enhancing the appearance of the frontage of premises in designated zones is fully allowable as a business expense and also entitles the claimant for a further equal deduction in computing the income chargeable to tax.

**The expenditure must be certified by the Town Planner.*

(A) GROSS INCOME BASED SYSTEM

(a) Persons on Gross Income up to £16,000

Taxable Income Bands	Rates	Tax on band
£0 - £10,000	10%	£1,000
£ 10,001 - £16,000	20%	£1,200

(b) Persons on Gross Income between £16,000 and £25,000

Gross Income between	On First	Rate	Balance at 20%	Tax Payable
£16,001 - £17,000	£5,000	0%	£11,001 -£12,000	£2,200 -£2,400
£17,001 - £18,000	£4,000	0%	£13,001 -£14,000	£2,600 -£2,800
£18,001 - £19,000	£3,000	0%	£15,001 -£16,000	£3,000 -£3,200
£19,001 - £20,000	£2,000	0%	£17,001 -£18,000	£3,400 -£3,600
£20,001 - £25,000	£1,000	0%	£19,001 -£24,000	£3,800 -£4,800

(c) Persons on Gross Income over £25,000

Taxable Income Bands	Rate	Tax on band
£0 - £25,000	20%	£5,000
£ 25,001 - £100,000	29%	£21,750
Over £100,000	35%	

No allowances apply under the Gross Income Based System.

Where a tax payer opts for the gross income based system and the spouse does not, the availability of allowances to the spouse are restricted (refer to Government web site - www.gibraltar.gov.gi).

INDIVIDUALS ENJOYING SPECIAL CONCESSIONS

Qualifying Individuals

Qualifying individuals are non-residents who derive no income from Gibraltar (other than income from an Exempt company). Tax is charged at a rate not less than 2%* on world-wide income subject to a maximum tax payable of £20,000 per annum.

**Rate determined by the Finance Centre Director.*

High Net Worth Individuals ('Category 2 Individual')

Only the first £70,000 (2008/09 - £60,000) of assessable income is taxable subject to a minimum tax payable of £20,000 (2008/09 - £18,000) and a maximum of approx. £26,000 (2008/09 - £23,000).

Conditions on residential accommodation and previous residence/activities in Gibraltar apply. A Category 2 individual cannot, in general, engage in a trade, business or employment in Gibraltar.

Relocated Executives Possessing Specialist Skills (REPSS)

Abolished for new entrants (see HEPSS). A flat rate of tax is payable on taxable income (essentially emoluments arising from the qualifying* employment and most classes of other income) as follows:

Qualifying Status	Tax per annum 2009/10	Tax per annum 2008/09
Category 3 individual	£15,000	£15,000
Category 4 individual**	£7,500	£7,500

** Exempt status company with physical presence in Gibraltar*

*** Taxable income must be less than £50,000.*

Existing REPSS can retain their certificates until the later of expiry of their current certificates or 30th June 2009.

High Executive Possessing Specialist Skills (HEPSS)

The tax payable by a HEPSS is limited to the first £100,000 of earned income. Persons with REPSS status meeting the earning conditions may migrate to HEPSS. The relevant skills must be deemed to be of exceptional economic value to Gibraltar. HEPSS are taxed under the Gross Income Based System. Conditions on residential accommodation and previous non-residency apply. HEPSS status is available to employees of all companies.

Permitted Individuals

Permitted individuals are non-residents who work in Gibraltar. They are liable to taxation on their Gibraltar income only.

Other Non-Residents

Generally liable to tax on income accruing in, derived from, or received in Gibraltar with certain exceptions. In particular, interest from bank and building society deposit accounts is exempt. Non-residents are also exempt from dividends and (generally) interest paid by a Gibraltar company.

CORPORATION TAX

Resident Companies - Existing

Full Rate	22%
Small companies' rate	20%
Marginal relief	7.5%

Small companies' rate applies if taxable profits do not exceed £35,000 and the company derives at least 80% of its turnover from trading. Between £35,000 and £44,333 (2008/09 between £35,000 and £67,667) the full rate applies less marginal relief on the difference between £44,333 and taxable profit.

Resident Companies - Recent 'start-ups'*

Date business established	Tax Year	Rate
Between 1 July 07 and 30 June 09	2008/09	27%
	2009/10	10%
After 1 July 09	2009/10	10%

** applies to businesses established after 1 July 2007 (conditions apply)*

Withholding Tax

On dividends*	0%
On interest paid to individuals**	30%
On interest paid to companies**	22%

**In addition, no tax is payable on dividends between Gibraltar companies*

*** Exemptions may apply*

Wear and Tear (Capital) Allowances

	Initial allowance	Additional allowance
Plant and machinery (including fixtures & fittings)	100% on first £30,000	at 25% p.a. straight line on balance
IT Investment	100% on first £50,000	at 25% p.a. straight line on balance
Industrial buildings (Incl. factories and similar premises)	–	4% p.a. straight line on cost

DUE DATES FOR PAYMENT OF TAX

- Employment Income - tax paid via PAYE
- Other Income & profits - on the later of:
 - 28 February (falling within the tax year)
 - 60 days after the issue of an assessment

COMPANIES ENJOYING SPECIAL CONCESSIONS

Exempt Status Company* Flat rate of £450 per annum

** Status being phased out by December 2010.*

Non-residents controlled company

Non-resident owned and controlled companies incorporated in Gibraltar which do not trade or earn income in Gibraltar are not liable to corporation tax.

TAXATION OF CAPITAL

Estate Duty - There is no Estate duty in Gibraltar

Capital Gains Tax / other capital taxes - There is no Capital Gains Tax in Gibraltar, or any wealth, gift or other capital taxes.

VALUE ADDED TAX

There is no VAT in Gibraltar.

GAMING TAX (ON-LINE GAMING)

Levied at the rate of 1% of relevant income (gaming yield for on-line casinos and bets placed for on-line bookmakers), capped at £425,000 with a minimum payable of £85,000.