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Gibraltar Tax Facts

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Liability to taxation in Gibraltar

Income tax is charged on income accrued in or derived from Gibraltar.

INDIVIDUALS

An individual is deemed to be ordinarily resident if they are present in Gibraltar for at least 183 days in a tax year, or over 300 days in aggregate over three consecutive tax years. Ordinarily resident individuals are liable to tax in Gibraltar on their worldwide income.

- ▼ The tax year runs from 1 July to 30 June.
- ▼ Tax is payable on taxable profits for the year.

Individuals can opt to be taxed under either the Gross Income Based System or the Allowance Based System. The individual will be assessed for tax under the system that results in the lower tax.

If an individual is not ordinarily resident in Gibraltar and is present for less than 30 days in a tax year, no tax is charged on income from director's fees. There is a similar provision for non-resident employees and self-employed individuals whose duties and activities are exclusively outside Gibraltar.



COMPANIES

A company is considered to be resident in Gibraltar if management and control of its business is exercised from Gibraltar. A company, where the management and control is exercised outside of Gibraltar by persons who are ordinarily resident in Gibraltar, is also considered resident in Gibraltar.

Companies are subject to taxation on income accrued in or derived from Gibraltar on the taxable profits for the financial year. In the case of companies licensed and regulated in Gibraltar, the profits are deemed to accrue in and derive from Gibraltar, except for activities carried on outside Gibraltar by a branch or permanent establishment.

Income which is not accrued in or derived from Gibraltar is not taxed in Gibraltar. "Accrued in and derived from" is defined by reference to the location of the activities which give rise to the profits.

Intercompany interest and royalties are automatically deemed to accrue in and derive from Gibraltar if received by a Gibraltar company.

CORPORATE TAX

The standard rate of taxation for a company is 12.5%. A tax rate of 20% applies to utility and energy providers and companies abusing a dominant market position.

TRUSTS

A Trust is resident in Gibraltar if one or more of the beneficiaries are ordinarily resident in Gibraltar (excluding Category 2 individuals). A non-resident trust is only liable for tax on income accrued in or derived from Gibraltar. The rate of tax that applies to a Gibraltar resident trust is 12.5%.

FOUNDATIONS

A foundation is resident in Gibraltar unless persons resident in Gibraltar and their issue have been irrevocably excluded from receiving benefit from the foundation. A resident foundation is subject to tax in Gibraltar at a rate of 12.5%.

TAXABLE INCOME

Income tax is charged on:

- ▼ Gains or profits from any trade, business, profession or vocation
- ▼ Gains or profits from employment including any allowances, perquisites or benefits in kind
- ▼ Rents, premiums and any other profits arising from any interest in real property
- ▼ Dividends
- ▼ Interest
- ▼ Royalties
- ▼ Income received from pensions transferred from abroad

INTEREST INCOME

Interest received or receivable by a Gibraltar company, arising from an inter-company loan, is chargeable to tax. Where the interest received or receivable is less than £100,000 per annum, the interest is exempt from any charge to taxation.

All other interest received or receivable is not taxable in Gibraltar.

ROYALTIES

Royalties received or receivable by a Gibraltar company are chargeable to tax.

DIVIDEND INCOME

There is no charge to tax on the receipt of dividends from another company. There is no tax on dividend paid by one Gibraltar company to another, and there is no liability to tax on dividends paid by a Gibraltar company to a person not resident in Gibraltar.

EXEMPT INCOME

The main types of exempt income include:

- ▼ Bank interest
- ▼ Dividends from shares quoted on a recognised stock exchange
- ▼ Pensions received from an approved occupational pension scheme
- ▼ Investment income of any pension fund established in Gibraltar, and approved by the commissioner
- ▼ Income from a charitable institution, society or sporting club, in so far as the income is not derived from a trade or business

In Gibraltar, there is no:

- ▼ Withholding tax on dividends, interest or royalties
- ▼ VAT
- ▼ Capital gains tax
- ▼ Estate duty
- ▼ Inheritance tax
- ▼ Wealth tax
- ▼ Gift tax or other capital tax

Tax incentives for individuals resident in Gibraltar

HIGH NET WORTH INDIVIDUALS (CATEGORY 2)

Category 2 individuals are taxed under the allowance-based system on the first £118,000 of assessable income, resulting in a maximum tax payable of £44,740. The minimum tax payable per annum is £37,000. The cap does not extend to certain income accrued and derived in Gibraltar.

Requirements include:

- ▶ Approved residential accommodation
- ▶ Minimum net assets of £2 million
- ▶ Non-Gibraltar resident for five years preceding application

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

New Category 2 individuals will be required to pay a one-off advance payment of £44,740 on confirmation of their Category 2 status. This is refundable when the certificate is relinquished.

THE HEPSS STATUS IS AVAILABLE TO THOSE WHO WISH TO RELOCATE TO GIBRALTAR AND PARTICIPATE IN BUSINESS ACTIVITIES.

HIGH EXECUTIVE POSSESSING SPECIALIST SKILLS (HEPSS)

HEPSS are taxed under the gross income based system. Tax payable is limited to the first £160,000 of income covered by the HEPSS certificate, resulting in tax payable of £43,140 per annum.

Requirements include:

- ▶ Approved residential accommodation
- ▶ Minimum annual salary requirement of £160,000
- ▶ Possess skills not available in Gibraltar, deemed to be of exceptional economic value to Gibraltar
- ▶ Non-Gibraltar resident for three years preceding application

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