

Doing Business in Gibraltar

2013 / 2014 Edition



Building a better
working world

**DOING BUSINESS
IN
GIBRALTAR**

The Handbook

2013/2014



Preface

Doing Business in Gibraltar - The Handbook, has been prepared by EY Limited.

The handbook was written to give the busy executive a quick overview of the investment climate, taxation, forms of business organisation and business accounting practices in Gibraltar. Making decisions about foreign operations is complex and requires an intimate knowledge of a country's commercial climate, with a realisation that the climate can change overnight. Companies and individuals doing business in Gibraltar, or planning to do so, are advised to obtain current and detailed information from experienced professionals.

Unless otherwise indicated, this book reflects information current at 1 December 2013. For additional copies or for further information on our complete range of services please contact EY Limited at the following address:

Regal House,
Queensway,
Gibraltar
Tel: (+350) 200 13 200
Fax: (+350) 200 13 201

PO Box 191
www.ey.com

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Executive Summary on Gibraltar

A. General

Location	<ul style="list-style-type: none">• Southern Tip of Iberian Peninsula
Land Area	<ul style="list-style-type: none">• 7 square kilometres (approx.)
Population	<ul style="list-style-type: none">• 29,000 (approx.)
Languages	<ul style="list-style-type: none">• English (official), Spanish
Climate	<ul style="list-style-type: none">• 23 - 35°C (summer), 10 - Mid 20°C (winter)
Time Zone	<ul style="list-style-type: none">• Hours ahead of or behind Gibraltar: Bonn +0 / Buenos Aires -4 / Hong Kong +7 / London -1 Los Angeles -9 / Madrid +0 / New York -6
Status	<ul style="list-style-type: none">• UK Overseas Territory• Local Government responsible for internal affairs• UK Government responsible for defence, external affairs and internal security
Economy	<ul style="list-style-type: none">• Leading activities: Financial services, tourism, shipping and on-line gaming• Joined European Union with United Kingdom in 1973 but exempted from: Common Customs Tariff, Common Agricultural Policy and Harmonisation of turnover taxes (notably VAT)
Legal system	<ul style="list-style-type: none">• Based on common law and the rules of equity (as the United Kingdom)
GDP	<ul style="list-style-type: none">• £1.226 billion (estimate for year to 31 March 2013)
Inflation	<ul style="list-style-type: none">• 2.3% (year to July 2013)

B. Foreign Investments

Currency & Exchange Controls	<ul style="list-style-type: none">• Official currency is Sterling• No exchange control• Residents and non-residents may maintain accounts denominated in foreign currencies <hr/>
Banking Services	<ul style="list-style-type: none">• Well established • Total assets of Banking Sector approx. £7.11 billion • Regulatory and supervisory practices which match UK standards. • Supervision of the banking sector rests with the Commissioner of Banking (who is also the Chief Executive Officer of the Financial Services Commission) • Many major banks (including three UK clearing banks) are represented in Gibraltar • Services offered include retail, private and corporate banking, loans, import finance and mortgages on real estate <hr/>
Investor Protection	<ul style="list-style-type: none">• Deposit Guarantee Scheme (in compliance with EU Deposit Guarantee Directive) • Investor Compensation Scheme (in compliance with EU Directive on Investor Compensation Schemes) • UK standards of supervision and regulation <hr/>
Import & Export Procedures	<ul style="list-style-type: none">• Not part of Customs Territory of EU• Few restrictions• Import duties generally at rates between 0% (exempt) and 12%• No VAT or other sales taxes <hr/>
Excise Duties	<ul style="list-style-type: none">• Levied mainly on spirits, wines and tobacco

C. Key Financial Products

Trusts	<ul style="list-style-type: none">• The concept of a trust is recognised and widely used in Gibraltar• Trust legislation is based on English law of equity• Residency of trust established by the residency of the beneficiaries only (excluding Category 2 Individuals – see below). A non-resident Trust is only liable to tax on income accrued in or derived from Gibraltar. <hr/>
Asset Protection	<ul style="list-style-type: none">• Designed to protect a settlor's assets from certain Trust situations• Aims to provide a higher degree of certainty in determining legal propriety <hr/>
High Net Worth Individual (Category 2 Individuals)	<ul style="list-style-type: none">• Only the first £80,000 of assessable income is taxable subject to a minimum tax payable of £22,000 and a maximum of approx. £30,000 <hr/>
High Executive Possessing Specialist Skills (HEPSS)	<ul style="list-style-type: none">• Tax payable limited to the first £120,000 of earned income• Conditions on skills, residential accommodation, previous non-residency and managerial position apply. <hr/>

D. Local Tax

Income Tax

Tax payers may choose between the traditional Allowance Based System (ABS) and the Gross Income Based System (GIBS) – see section 5.4.1

Income tax rates	- GIBS • See appendix 6.2 - ABS • See appendix 6.2 (10 year summary)
Principal allowances	• See appendix 6.3 (10 year summary)
Special concessions	• Elderly persons: Tax allowance ‘topped up’ to £11,443 or £11,075 (depending on circumstances).
Corporation tax	<p>Prior to 1st January 2011, companies were generally taxed on a prior year basis. From 1st January 2011 onwards, all companies with income taxable in Gibraltar are taxed on an actual basis so that the tax period of assessment is the same as the financial year of the company. In order to move from “prior year” to “actual” special transition rules apply.</p> <p>With effect from 1st January 2011, the standard rate of Corporation tax is 10% (20% in the case of utility, telecom and petroleum companies and companies enjoying a dominant market position).</p> <p>Companies are taxed on profits accrued in or derived from Gibraltar (i.e. territorial basis of taxation).</p> <p>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 out outside Gibraltar by a branch or permanent establishment.</p> <p>No tax is payable on dividends between Gibraltar companies</p>
Non-Gibraltar Income	A Company in receipt of income which does not accrue in or derive from Gibraltar is not subject to tax. Upon distribution only resident shareholders would be liable to tax. Resident individuals and trusts are subject to tax on a worldwide basis.

Withholding tax There is no withholding tax on dividends, interest or royalties.

Wear and tear

	Initial allowance	Additional allowance
Plant and machinery (including fixtures & fittings)	100% on first £30,000 (except for Motor Vehicles)	at 15%* p.a.
IT Investment	100% on first £50,000	at 15%* p.a. on reducing balance
Industrial buildings (Incl. Factories and similar premises)		4% p.a. straight line on cost

Assets are pooled for the purposes of calculating capital allowances and reduced by the proceeds of any disposals.

** The annual capital allowance is given at 20% of the pool value for any company taxable at 20% on profits (utility, energy companies etc)*

Taxation of Capital • No estate duty, capital gains tax or other capital taxes

Savings Income • Income of a passive nature is not liable to tax.

Pensions • Income from occupational pensions is tax free

• Approved QROPS taxed at 2.5%

• Contributions to occupational and approved pension schemes are eligible to tax relief (subject to limits)

• No requirement to buy an annuity – 100% of the capital may be withdrawn tax free on retirement age

Stamp Duty • Only payable on real estate and capital transactions at the following rates.

Principal rates:

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

- On purchase of real estate as follows:
 - New for 2013/14 for 1st and 2nd time buyers up to £250,000: nil %
 - Other purchases up to £200,000: nil %
 - between £200,001 & £350,000:
2% on first £250,000 and 5.5% on balance
 - over £350,000: 3% on first £350,000 and 3.5% on balance

Gaming Tax • 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 per annum, per licence.

1. Introduction and General Information

1.1 - Geography and Climate

Gibraltar lies at the southern tip of the Iberian Peninsula. It covers seven square kilometres dominated by the famous rock which rises to 1,396 feet above sea level at its highest point and towers above the Strait of Gibraltar, the strategic waterway which connects the Mediterranean and the Atlantic Ocean.

Africa in the form of the Spanish enclave of Ceuta lies directly opposite just 9 miles away and the Moroccan City of Tangier is 32 miles away at the western end of the Strait. Across the narrow isthmus joining Gibraltar to the Spanish mainland and on which its airport is built, lies the Spanish town of La Linea de la Concepción.

The temperature can reach as high as 40°C in the summer months of July and August with lows of 10°C in January or February. Normally, though, the winter temperature does not fall below 13°C and in summer it generally keeps to a range of between 28°C and 33°C. Climatic conditions are further affected by the pressure differences that can exist between the Mediterranean and Atlantic resulting in strong winds. Westerly and southerly winds bring hotter, drier weather whereas easterlies produce cooler humid conditions.

1.2 - Population and Language

Gibraltar's population of approximately 29,000 is of diverse origin but mostly are local and of mainly English, Spanish, Portuguese, Maltese or Genoese origin.

English is the official language but most Gibraltarians are bilingual in English and Spanish.

1.3 - History

Gibraltar has long been a dramatic landmark at the western end of the Mediterranean Sea. There is archaeological evidence of Neanderthal habitation and in ancient times the Rock became a place of worship where sailors would sacrifice to the gods before venturing into the Atlantic.

However, the modern history of Gibraltar begins in 711 AD when an Islamic force led by the Berber general Tariq ibn Ziyad landed at the foot of the Rock and then proceeded to conquer most of the Iberian Peninsula. The Rock was

named Gibel Tariq, the mountain of Tariq, of which the modern 'Gibraltar' is a corruption.

The Moors remained in Iberia for over seven centuries and Gibraltar did not fall into Spanish hands until 1462. Spain held Gibraltar until 1704 when, during the War of the Spanish Succession, it was captured by a combined Anglo-Dutch force. Gibraltar was formally ceded to Britain, in perpetuity, at the end of that war by article X of the Treaty of Utrecht of 1713. Britain's title was re-affirmed in 1783 by the Treaty of Versailles.

During the subsequent three centuries (2004 marked the tri-centenary of British Gibraltar) the Rock has been, and continues to be, an important British defence asset. It has played a key role in conflicts ranging from the Revolutionary and Napoleonic Wars of the late 18th and early 19th centuries, to the First and Second World Wars, and more recently, the Falklands and Gulf Wars. At the start of the 21st century the strategic importance of Gibraltar in the defence of one of the world's most important 'chokepoints' remains unchanged.

In the years following the British capture of Gibraltar, Spain has repeatedly sought to recover the territory. During the 18th century these attempts were of a military nature, but more recently the Spanish government has sought to further its claim by applying economic and diplomatic pressure, culminating in the closure of the frontier from 1969 to 1985.

The Spanish claim over Gibraltar has been stymied by the refusal of the people of the territory to countenance any change of sovereignty, and by the British government's refusal to impose any such change against local wishes. The people of Gibraltar manifested overwhelmingly their desire to preserve their links with the United Kingdom in referenda held in 1967 and 2002. Despite these political differences, cross-border business and social relations are friendly and extensive with over 4,000 Spanish nationals working in Gibraltar and many Gibraltarians owning holiday homes in Spain.

On 14 December 2006, after a long process of negotiation between the Gibraltar and United Kingdom governments, a new Constitution was granted to Gibraltar. This Constitution provides Gibraltar with a much higher degree of self-government whilst preserving British sovereignty. The United Kingdom remains fully responsible for Gibraltar's external relations.

1.4 - Government and Judiciary

Gibraltar is a self-governing United Kingdom overseas territory. The 2006 Constitution Order provides for a Governor as Her Majesty's representative in Gibraltar. The Governor is responsible for external affairs, defence, internal security and various public appointments as specified in the Constitution. Elected Ministers are responsible for any matters which fall outside the Governor's responsibilities.

The new Constitution includes an updated Chapter on the fundamental rights and freedoms of the individual. It establishes a legislature for Gibraltar consisting of Her Majesty and an elected Parliament, and a Council of Ministers appointed from among the elected members of Parliament. It provides for a Supreme Court and a Court of Appeal for Gibraltar, and for appeals to Her Majesty in Council. It also makes provision for public finance and for the public service of Gibraltar.

i. The Legislature

The Legislature for Gibraltar consists of Her Majesty and the Gibraltar Parliament. The Parliament consists of the Speaker and at least seventeen elected members. The maximum life of the Parliament is four years. Those entitled to vote in elections for Members of Parliament are British Citizens, British Dependent Territories Citizens, British Overseas Citizens or British Subjects under the UK Nationality Act 1981 who have been ordinarily resident in Gibraltar for a continuous period of six months ending on the registration day and who are 18 years of age and over.

ii. The Executive

The executive authority of Gibraltar vests in Her Majesty and may be exercised by the Government of Gibraltar. The Council of Ministers (comprising the Chief Minister and at least four other Ministers), together with the Governor (representing Her Majesty), constitute the Government of Gibraltar.

iii. The Judicature

The Supreme Court for Gibraltar has unlimited jurisdiction to hear and determine civil or criminal proceedings. It consists of the Chief Justice and a Puisne Judge.

Appeals are made to the Court of Appeal, consisting of a President and two Justices of Appeal, and the Chief Justice of the Supreme Court as an ex officio member. In certain specific cases, there is a right of further appeal to

the Judicial Committee of the Privy Council in the United Kingdom.

The Court of First Instance and the Magistrate's Court in Gibraltar correspond respectively to the County Courts and the Magistrate's Court in England.

Judicial appointments are made by the Governor, acting upon the advice of the Judicial Services Commission. However, the Governor, with the prior approval of a Secretary of State, may disregard the advice of the Commission if he judges that compliance with that advice would prejudice Her Majesty's service.

iv. Legal system

Gibraltar's law is based on Common Law and the rules of equity, as in England, and therefore differs from the Spanish legal system which is based on Roman Law and the Napoleonic Code.

The application of these general principles and certain specific enactments of English Law are covered by the Application of English Law Act 1962. However, statute law is for the most part based on Acts passed by the Gibraltar Parliament.

1.5 - Economy

1.5.1 - Overview

The Gibraltar economy is largely based on financial services, tourism and shipping. More recently Gibraltar has attracted a large number of blue-chip gaming companies to the extent that this Industry is now an important part of the Gibraltar economy. A brief synopsis of each sector is given below.

The economy has grown steadily over recent years with Government estimating that Gibraltar's GDP presently stands at around £1.226 billion, representing an increase for the year of just over 7.8%. The Government is predicting GDP to grow to 1.65 billion by 2015/16.

The number of jobs in Gibraltar decreased by 728 from 22,247 to 21,519 (year to October 2012). The decline was driven by job losses in the construction sector (1,403) offset by job gains in gaming, financial services, retail/wholesale, hotels and restaurants. This effectively represents full employment among Gibraltarians actively and constructively seeking employment so that the level of unemployment would therefore be negligible.

During this period average annual earnings in respect of all employee jobs rose by 3.5% to £26,747 (per Employment Survey dated October 2012).

During the year to 1 July 2013 the rate of inflation rose by 2.3%.

Finally, as regards government finances relating to the year ended 31 March 2013, the Government of Gibraltar announced a budget surplus of £37.17m (2012 £31 million) and estimates a surplus of £17.0 million for the year 2013/14. As regards net public debt this stood at £291.3m (as at 31 March 2013).

1.5.2 - Financial Services

Financial Services is a major activity and vital segment of the economy accounting for around 15% of total employment and 20% of GDP.

In recent years the insurance sector has seen the fastest growth with the number of licensed insurance operations currently standing at 66. Gibraltar is now firmly established as a mainstream insurance domicile within the European Union.

As a result of the implementation of Experienced Investor Funds legislation in 2005, the Funds Industry is another area which has experienced growth.

Bank assets stood at £7.11 billion as of 31 March 2013 and funds under management were £8.1 billion as of 31 March 2013.

1.5.3 - Tourism

The re-opening of the frontier in the mid 1980s was a major catalyst for the tourism industry with the number of visitors rising from 300,000 before the re-opening to 2.8 million in 1986 to 11.79 million in 2012.

1.5.4 - Shipping

The port of Gibraltar has traditionally been a major contributor to the economy, particularly in bunkering where Gibraltar has become a major fuelling port for the Western Mediterranean. Its operations are monitored and supervised by a Bunkering Superintendent, one of a number of security and best practice measures included in the Bunkering Code of Practice. Gibraltar also forms part of the Category 1 Red Ensign Group Register and is an attractive register for ships. More recently the Port has seen expanded passenger ferry links and services which should further boost its contribution to the economy.

1.5.5 - On-line Gaming

Gibraltar is firmly established as a leading, reputable and well-regulated jurisdiction for on-line gaming activities. The industry has witnessed remarkable growth over the last fifteen years or so, to the extent that it has now become a significant part of the Gibraltar economy. The Gibraltar Government is very selective in its criteria and will only consider licensing blue-chip entities with a proven track record in gaming. Licensees are required to physically operate and be managed in Gibraltar.

As at August 2013 there were twenty-eight licensed operators and the number of people employed directly by this sector has grown from around 185 in 1996 to just under 3,000 in early 2013.

Details on the regulation of the industry are given in Section 3.4.

1.6 - Currency and Exchange Controls

The official currency is Sterling. However, the Government of Gibraltar issues Sterling notes and coins locally which circulate alongside those issued by the Bank of England. A number of local banks are linked into the United Kingdom clearing system.

There are no exchange controls and residents and non-residents alike may maintain accounts denominated in foreign currencies.

1.7 - Housing and Office Accommodation

Historically, Gibraltar has suffered from an acute shortage of housing. However, with the completion of some luxury developments and some aimed at the local population, this has been alleviated. A large section of the population now lives in privately owned housing.

Demand for residential accommodation has been quite strong in recent years with the result that property prices are high, although these have tailed off slightly as a result of the global economic turmoil. The cost of a three bedroom apartment can be anywhere between £150,000 and £750,000. Some people have opted to buy or rent property in Spain and commute across the land frontier daily.

Gibraltar also boasts of an extensive range of quality modern office accommodation which is available for let at rents ranging from around £21 to £40 per square foot per annum.

1.8 - Medical Services

1.8.1 - Medical Health Scheme

The scheme is funded by grant and by compulsory weekly contributions through social insurance. In cases of illness, which cannot be treated locally, patients will be sent for specialist treatment in the UK or Spain.

1.8.2 - Private sector

There are a number of doctors and medical centres which provide medical diagnosis and treatment. Private medical insurance is available through schemes such as the Hospital Savings Association (HSA) and the British United Provident Association (BUPA).

1.9 - Telecommunications

The telecommunications industry was liberalised in 2001 with the coming into force of European Union Directives to this effect. An independent Regulatory Authority, the Gibraltar Regulatory Authority, was established whose functions include the licensing of operators and the general monitoring and control of electronic communications issues. Currently there are three licensed Internet Service Providers (ISP) in Gibraltar.

The principal ISP in Gibraltar is Gibtelecom, a company jointly owned by the Government of Gibraltar and Telekom Slovenije. Gibtelecom provides the main local fixed line and mobile phone services, as well as providing internet solutions, including delivery of IP bandwidth and ADSL broadband.

Other communication services are available through the Post Office which is run by the government, and local firms of private couriers.

1.10 - Education

This is modelled on the UK system with Comprehensive schools providing free compulsory education to National Curriculum standard to the children of people ordinarily resident in Gibraltar, up to age 15 and terminating in the examinations and coursework for the General Certificate of Secondary Education (GCSE).

Students may continue for a further two years to obtain their A-level examinations. Grants or scholarships are given for further study at UK universities and institutions of further education.

Private schooling is also available in Gibraltar and in Spain.

1.11 - Leisure and Tourist Information

Tourist and leisure facilities are fairly extensive and may be categorised as follows:

1.11.1 - Sports and recreation

Gibraltar boasts a few small but picturesque beaches, two sailing clubs (one under the control of the armed forces), as well as health and fitness clubs with training and sauna facilities. Other sports practised include amateur boxing, athletics, the martial arts, cricket, football, hockey, badminton, tennis and squash. The Department of Education also arranges for evening classes in various subjects.

In recent years a state-of-the-art Sports Centre was completed. Its facilities include tennis and paddle tennis courts, a five-a-side football pitch, golf practice area, an archery range, a fitness trail and a water-sports centre building with adjoining pontoon and slipway, together with play areas for children and picnic areas. Football facilities will shortly be upgraded to UEFA standard following Gibraltar's admission earlier this year.

In 2008 a Leisure Centre was built at the King's Bastion providing leisure and entertainment facilities including adult and children ten-pin bowling alleys, restaurant and café, an amusement arcade area, two cinemas, an ice-skating rink and a discotheque.

Rowing is very popular. Two clubs provide good competition: the Calpe (founded 1876) and the Mediterranean (founded 1899) Rowing Clubs. The Royal Gibraltar Yacht Club, founded in 1829, is one of the oldest sailing clubs in the world.

The Western Costa del Sol, which is within a half hour drive from Gibraltar, boasts some of the best golf courses in Europe and excellent leisure and entertainment facilities.

A major development in recent years was Ocean Village. This comprises of luxury residential units plus a state of the art marina including a diverse range of amenities such as shops, restaurant, café, chandlery and leisure areas.

1.11.2 - Shopping

Main Street and its adjoining streets form a large shopping centre covering foodstuffs, electronics, jewellery, alcoholic beverages and other goods sought after by the duty-free bargain-hunter. However, if the shopper has entered from Spain, attention must be given to the possibility of Spanish duties being imposed on goods taken across the land frontier.

1.11.3 - Travel and sightseeing

Gibraltar offers the visitor a wide variety of attractions and sights such as St Michael's Cave, the Moorish Castle, the Nature Reserve on the Upper Rock (where the famous Barbary Apes may be observed) and the 1380ft Cable Car ride to the Top of the Rock. Other popular places of interest include the Alameda Botanical Gardens, the City Gates and Fortifications and the Great Siege Tunnels of 1782.

There are numerous pubs and restaurants as well as nightclubs and an International Gaming Casino.

In recent years there has been a vast improvement in the road network in southern Spain and the whole of the Costa del Sol is now within easy driving distances (Malaga itself is one hour's drive away).

The Gibraltar Museum is well worth a visit.

1.11.4 - Time zone

Gibraltar is on Greenwich Mean Time plus one hour with clocks being advanced one hour between March and October.

1.11.5 - Business hours

Most businesses are open between 9:00am and 5:30pm/6:00pm, or 7:00pm in the case of shops. Banks are open for business between 9:00am or 9:30am and 3:30pm or 4:30pm. Some remain open until 6:00pm on Friday evenings.

1.11.6 - Public holidays

Public holidays include the 8 public holidays of England and in addition Commonwealth Day, Workers Memorial Day, the Queen's Birthday and Gibraltar National Day. Public holidays for 2014 are as follows:-

<i>New Year's Day</i>	<i>Wednesday 1 January</i>
<i>Commonwealth Day</i>	<i>Monday 10 March</i>
<i>Good Friday</i>	<i>Friday 18 April</i>
<i>Easter Monday</i>	<i>Monday 21 April</i>
<i>Workers Memorial Day</i>	<i>Monday 28 April</i>
<i>May Day</i>	<i>Thursday 1 May</i>
<i>Spring Bank Holiday</i>	<i>Monday 26 May</i>
<i>Queen's Birthday</i>	<i>Monday 16 June</i>
<i>Late Summer Bank Holiday</i>	<i>Monday 25 August</i>
<i>Gibraltar National Day</i>	<i>Wednesday 10 September</i>
<i>Christmas Day</i>	<i>Thursday 25 December</i>
<i>Boxing Day</i>	<i>Friday 26 December</i>

1.11.7 - Transport and communications

Links by air are currently maintained with London, Manchester and Luton in the United Kingdom. The airlines operating between Gibraltar and the UK are British Airways, Monarch Airlines and Easyjet.

A new state-of-the-art Air Terminal was recently completed. It is anticipated that over the next few years direct flights to continental European destinations will become available.

A ferry service operates to Tangier. Gibraltar is also a port of call for container ships and some of the world's most prestigious cruise liners (e.g. the Cunard Liner QE2 and P&O's Liner Oriana). A cruise liner terminal provides modern facilities for passengers.

1.11.8 - Duty free allowances

Main duty free allowances for residents and non-residents importing certain goods into Gibraltar are summarised as follows:-

Tobacco	200 cigarettes; or 100 cigarillos; or 50 cigars; or 200 grams of smoking tobacco
Wine/Spirits	1 litre of spirits, liqueurs, cordials; or 2 litres of fortified wines and sparkling wines; and 2 litres of still wines (other than fortified wines)
Perfume	50 grams of perfume 0.25 litres of toilet water
Other Goods	Articles of any other descriptions to a total value of £32.00

No allowance is given to persons under the age of 17 years in respect of tobacco products, alcoholic beverages or perfume.

Persons who regularly (defined as more than once in any calendar month) enter or return to Gibraltar, or have been in Gibraltar during the previous 24 hours, are not entitled to duty free allowances.

1.12 - Civic Rights and Data Protection

Gibraltar has established the office of the Ombudsman and introduced a Citizens Advice Bureau.

The Office of the Ombudsman was established and is regulated by the Public Services Ombudsman Act 1998. The primary function of the Ombudsman is, in general, the provision of impartial investigations on behalf of citizens who feel unjustly treated through the actions or omissions of the public administration. Corrective action may be recommended if the complaint is justified. The Ombudsman's mandate is contained in the Ombudsman's Charter.

The Citizens Advice Bureau was launched in April 2003 and is designed to offer similar services to those available and operating in the United Kingdom. This includes the provision of free, confidential, impartial and independent advice on citizen's rights to services and benefits within the public and private sector in Gibraltar.

During 2004, Gibraltar transposed the EU directive relating to the protection of individuals with regard to the processing of personal data and on privacy rights of that data. The Act came into force in 2006. In general, with

effect from 1 July 2006, all organisations that process and keep personal information must register with the Data Protection Commissioner. In addition such organizations must, inter-alia, ensure that the data is secure, accurate, for defined purposes only and accessible to those individuals about whom information is held.

1.13 - Gibraltar, a premier European Finance Centre

1.13.1 - General

Gibraltar's new tax laws became effective on 1 January 2011. These laws, together with the various Exchange of Information Treaties entered into by the Government, completes Gibraltar's transition from tax haven to mainstream European financial services centre. Central to the tax reform is the ending of all distinction between offshore and onshore business.

The new tax law provides that all companies, however owned, will be taxed on profits earned in or derived from Gibraltar thereby preserving the territorial basis of taxation. Notwithstanding, companies licensed and regulated under Gibraltar law are taxed in Gibraltar on their profits, except for any income from a branch or permanent establishment outside Gibraltar.

The standard rate of Company tax has been reduced from 22% to 10% (effective 1st January 2011), except for utility, telecom and petroleum companies and companies seen to be abusing a dominant market position, for which the rate will be 20%.

In addition to a favourable fiscal environment, Gibraltar offers a high quality legal and regulatory infrastructure under-pinned by a stable Government and the availability of a well-qualified labour force. Gibraltar's attraction is enhanced by its status within the EU and particularly from passporting opportunities (see below).

1.13.2 - The EU dimension

Gibraltar is within the European Union (EU) (unlike Jersey, Guernsey and the Isle of Man), by virtue of Para (4) of Article 355 (3) of the Treaty of Rome which provides that the Treaty shall (with certain exceptions) apply to 'European territories for whose external relations a Member State is responsible'.

In general, therefore, Gibraltar is treated as a part of the member state of

the United Kingdom of Great Britain and Northern Ireland. Gibraltar must therefore comply with whatever Community agreements are adopted by the UK, as the European Commission will not afford special treatment to separate parts of a Member State. The Government of Gibraltar does, however, make representations to the UK Government to safeguard Gibraltar's interests when the UK is considering new EU edicts.

Gibraltar's special circumstances vis-à-vis the UK were taken into account on accession and Article 28 of the Act of Accession granted three derogations. Gibraltar does not have to comply with Community rules on:

- a) Common Customs Tariff;
- b) Common Agricultural Policy; and
- c) Harmonisation of Turnover Taxes (notably Value Added Tax).

The detailed provisions of the various EU Treaties were adopted in Gibraltar by the passing of the European Communities Act 1972.

The implementation of EU directives has proved a large administrative burden for a small jurisdiction like Gibraltar because of the volume and complexity of legislation required. Nevertheless enabling legislation has been enacted to give legal effect to most of the directives, which apply to Gibraltar. This legislation has been drafted to a standard which is generally higher than the basic EU requirements and which satisfies the UK government which bears ultimate responsibility.

As a result, for instance, Gibraltar can take advantage of the Single European Passport for banking, insurance and investment services (see sections 3.1 to 3.3).

1.13.3 - Tax transparency

Gibraltar's success as a finance centre is underpinned by its commitment to observe the highest standards of regulation, business ethics and mainstream international consensus. Tax transparency has become a focal point in recent years for the G20 and the wider international community as countries have sought to underpin confidence in the fairness and effectiveness of their tax systems and to bolster their tax revenues.

Gibraltar is at the forefront of the tax transparency agenda and the fight against tax evasion and fraud. Gibraltar is on the G20 instigated OECD "white list", having signed a total of 26 Tax Information Exchange Agreements (TIEAs)

to date (19 of which are in force). The Gibraltar Government has committed to entering a Foreign Accounts Tax Compliance Act (FACTA) agreement with the US and a similar arrangement with the UK and has volunteered to take part in the pilot multilateral exchange of information announced by G5 countries (UK, France, Germany, Italy and Spain).

Gibraltar has requested that the UK extend to Gibraltar the Multilateral Convention on Administrative Assistance in Tax Matters. Its updated requirements provide for the introduction of standard forms for exchange of information on request and channels for exchanging information, as well as the introduction of automatic exchange of information on request in respect of five categories of income and capital gains. Gibraltar's transposition of this EU Directive, means that since 1 January 2013, Gibraltar has had TIEA equivalent arrangements in place with all EU member states who have transposed the directive.

In addition, Gibraltar has been assisting other EU jurisdictions under the Mutual Legal Assistance (EU) Act 2005; exchanging information since July 2005 with EU member states under the EU Savings Directive as transposed locally; and providing judicial assistance under the Evidence Act 1948 in response to Commissions Rogatoires/Letters of Request, in addition to mutual legal assistance with Schengen states under the Mutual Legal Assistance (EU) Act 2005.

In June 2013, the European Council of Economic and Finance Ministers (ECOFIN) for the 27 EU member states endorsed Gibraltar's Income Tax Act, as amended, as being compliant with the EU Code of Conduct for Business Taxation.

2 - Business Entities and Accounting

2.1 - Companies

Company legislation in Gibraltar is based on the Companies Act 1929 in England but has been subsequently amended to incorporate EU requirements. There are four types of companies which can be incorporated in Gibraltar:

- a) A company limited by shares;
- b) A company limited by guarantee and having a share capital;
- c) A company limited by guarantee and not having a share capital; and
- d) An unlimited company with or without a share capital.

A private company limited by shares needs to have only one subscriber, whereas a public company limited by shares must have at least seven. The distinction between public and private companies is much the same as in England, the latter being companies which by their Memorandum or Articles:

- a) Restrict the transfer of shares, and
- b) Limit the number of their members to fifty, not including persons presently or previously in the employment of the company, and
- c) Restrict the right of the public to subscribe for any shares of the company.

In accordance with the Companies (Accounts) Act 1999 (see section 2.11.1) all companies must file accounts at the Companies Registry (see section 2.12). In general, the extent of documents that need to be filed is determined by the size of the company. A company classified as 'small' is only required to file an abridged balance sheet. The exemption does not apply to Financial Services Commission licensed entities.

A company must register the name under which the trade is carried on at the Registry of Companies and Business Names (see section 2.13.1). In general, a company must also be registered with the Employment Service (see 2.13.2), Department of Social Services (see 2.13.3) and Income Tax Office (2.13.4). In addition the company may also need to be licensed by the Trade Licensing Authority (see 2.16).

2.2 - Partnerships

A partnership may be created simply by execution of a deed by all the partners concerned or even by mutual oral agreement.

Partnerships are subject to similar requirements to companies (and sole traders) in so far as the business must be registered and, if applicable, must obtain a trade license as explained in sections 2.13 and 2.16 respectively.

Limited partnerships may also be formed under the Limited Partnerships Act. A limited partnership may not consist of more than 20 persons at least one of which, known as the 'general partner', would be liable for all debts and obligations of the firm. The remaining partners, known as 'limited partners', would normally only be liable to the extent of the capital contributed to the partnership. However, a limited partner will be deemed to be a general partner whilst he or she is involved in the management of the partnership's business. Application for registration must be made to the Registrar of Limited Partnerships at the Registry of Limited Partnerships.

The Limited Partnerships Act requires a limited partnership to have a registered office in Gibraltar and if none of the partners are resident in Gibraltar to appoint a secretary resident in Gibraltar. It also provides, inter alia, for:

- (i) the registration as a limited partnership of a company previously registered under the Companies Act and for the limited partnership so registered to be a continuation of the company; and
- (ii) giving separate legal existence to the registered limited partnership.

Accounts need only be filed with the Companies Registry if all the partners are limited companies. A copy of the accounts must, however, be submitted to the Income Tax Office for Income Tax purposes.

2.3 - Sole Proprietorships

Sole traders are subject to similar requirements to partnerships and companies in so far as the business must be registered and, if applicable, must obtain a trade license as explained in sections 2.13 and 2.16 respectively.

There is no public filing requirement though a copy of the accounts must be submitted to the Income Tax Office for the purpose of verifying liability to tax.

2.4 - Trusts

2.4.1 - Trusts

Gibraltar trust law is based on Anglo-Saxon legal concepts, which recognises and gives full legal effect to the concept of a trust. The Trustee Act, the main legislation governing trusts, is based on the English legislation incorporated in the Trustee Act 1893.

There have been certain amendments to the legislation and the Variation of Trusts Act 1958 has been introduced in Gibraltar under the English Law (Application) Act.

The concept of a discretionary trust is known and widely applied in Gibraltar and the provisions of the Perpetuities and Accumulations Act 1964 in England apply with some amendments. The perpetuity period and the accumulation period now stand at 100 years (see also section 2.4.2 on Asset Protection Trusts).

The Registered Trust Act 1999 provides a facility for the registration of a trust deed (where registration is required by the trust deed) and for the keeping of an index of the names of such trusts. A registration fee is payable (£50) together with the submission of a form of Short Particulars and the Deed of Trust. The latter is simply endorsed with the date of registration and returned, no copy is retained. The Register will thereafter contain only the following details for public inspection; the name and date of creation of the Trust, the amount of the initial settlement, the name of the Trustee(s), a Gibraltar address for service and the date that the registration was made.

Up to 31 December 2010, the income received by any trust or beneficiary under a trust was exempt from taxation provided:

- a) it is created by or on behalf of a non-resident of Gibraltar (other than Category 2 Individuals); and
- b) residents of Gibraltar (other than Category 2 Individuals) were expressly excluded as beneficiaries either specifically or under the discretionary powers of the trustees.

In addition, the capital of the trust was not liable to tax in Gibraltar.

The position regarding residency and tax of a trust as from 1 January 2011 is explained in Section 5.12

2.4.2 - Asset Protection Trusts

This type of trust is a structure which seeks to protect the assets of a settlor from such situations as political strife, forced repatriation, confiscatory taxes, exchange controls and, most recently, risks associated with litigation arising out of malpractice or negligence suits or from vexatious litigants.

Such a trust may be invaded by a creditor of the settlor should it be shown that transfers into the trust lacked legal propriety. It is the matter of legal propriety which has a very long and complicated history in Anglo-Saxon common law jurisdictions dating back to the Statute of Elizabeth (the Fraudulent Conveyances Act 1571). Gibraltar has sought to reduce the uncertainties when determining propriety by shifting the focus from the subjective test of intent contained in the above statute to the objective test of solvency contained in the Bankruptcy Act, s 42A.

Under provisions contained in the Bankruptcy (Register of Dispositions) Regulations 1990 an application may be made to register the Trust by an approved trustee who has demonstrated his or her own adequate financial and administrative resources and adequate professional indemnity insurance. Thereafter the trustee must be able to show that due and sufficient enquiry had been made to establish the propriety of the disposition and the solvency of the settlor at the time it was made. The Registration of the Disposition is renewable annually together with payment of an annual fee (currently £100).

This higher degree of certainty makes Gibraltar a favourable location for setting up Asset Protection Trusts.

2.5 - Branches

Overseas companies wishing to set up a branch in Gibraltar register by filing a notarised or suitably certified copy of its Memorandum and Articles of Association (translated into English if necessary), a list of directors and secretary, and the name and address of the person authorised to accept service on behalf of the company in Gibraltar.

2.6 - Captive Insurance Companies

(For general information on 'companies' see section 2.1)

Insurance services and the conduct of insurance business, including an outline of the fiscal and legal advantages of setting up and administering an insurance company in Gibraltar, is covered in section 3.2.

Gibraltar is in a unique position to offer the multi-national company the possibility for its Captive to write one insurance policy for all its EU risks. Additionally the Captive may write large non-life risks in another member state, only requiring them to advise those countries of the risk to be covered. This "Passport" through the EU is an invaluable tool for the multi-national which is contemplating setting up a Captive Insurance company.

An annual license fee of £4,745 is presently payable to the Financial Services Commission.

2.7 - Protected Cell Companies

The Protected Cell Companies Act provides, inter-alia that a Protected Cell Company ("PCC") may create one or more cells for the purpose of segregating and protecting cellular assets. As a result, the rights of creditors would be limited to the assets of the cell of which they are creditors.

In addition, the PCC may, in respect of any of its cells, create and issue shares (the "cell shares") the proceeds of which ("the cell share capital") are comprised in the cellular assets attributable to the cell in respect of which the cell shares were issued. A PCC may also pay a dividend on individual cells ("a cellular dividend"), subject to available profits, and by reference to the assets and liabilities of the cell.

A company may be incorporated as a PCC or converted, if permitted by its Articles, into a PCC. The name of the company would include reference to its PCC status and each cell must have its own distinct name or designation.

Insurance companies and collective investment schemes require the consent and approval from the Financial Services Commission before operating as a PCC.

An annual license fee of £4,745, plus £1,775 per cell, is presently payable to the Financial Services Commission.

2.8 European Public Limited Liability Companies

The European Public Limited Liability Company Act 2005 transposed into Gibraltar law the corresponding EU council directive.

The European Public Limited Liability Company (or Societas Europaea, SE) is a corporate structure introduced by the EU that enables the legal structure within which business is carried out to develop and reflect the economic framework of the single European market. This will allow companies incorporated in different Member States to merge or form a holding company or joint subsidiary, while avoiding the legal and practical constraints arising from member country's different legal systems.

An SE is an equity company with legal personality and limited liability. Its issued share capital must be at least €120,000 and the SE may be listed.

An SE may be formed in various ways including conversion from public limited liability company status. It may be registered in any member state (including Gibraltar) and must have both its registered office and central administration in that member state. In Gibraltar the SE is registered with the registrar in Companies House.

SE's are governed by the national tax laws of the relevant member state and specific and detailed rules exist governing employees of SE's.

2.9 European Economic Interest Groupings (EEIG's)

An EEIG is a vehicle which allows companies or individuals of different member states to combine and register a grouping which has a legal personality and can operate across national frontiers.

The EEIG is set up in much the same way as a normal company but has unlimited liability. A number of restrictions apply including the prohibition to seek funds from the public.

Organisations from non-EU countries may not become members of an EEIG.

Any profits, losses or gains must be split between the members according to their share and taxed on the members according to national law in the normal way. The EEIG is not subject to any accounting or auditing requirements and does not have to file an annual return with the Registrar of Companies.

2.10 - Re-domiciliation

The Companies (Re-domiciliation) Regulations provide that a company domiciled outside Gibraltar and in a relevant State may, provided it meets certain conditions, establish its domicile in Gibraltar. A Re-Domiciled company once registered under Part XI of the Companies Act, becomes a Gibraltar company.

Similarly a company incorporated or domiciled in Gibraltar may apply to establish domicile outside Gibraltar in a relevant state. Upon completion and approval of all formalities to establish a foreign domicile a company registered under the Companies Act and to whom a certificate has been issued in accordance with Regulation 8(1) may apply to the Registrar of Companies, for consent to cease being registered in Gibraltar and will cease to be so registered with effect from the date of issue of a certificate (Regulation 10(1)).

Relevant states are defined as all countries in the European Economic Area, other British dependent or overseas territories, States that are members of the British Commonwealth and Liberia, Panama, Singapore, Switzerland, Hong Kong, and the United States of America.

2.11 - Accounting and Audit Requirements

2.11.1 - General

The principal accounting and audit requirements applicable to Companies are contained in sections 180 to 182 of the Companies Act, the Companies (Accounts) Act 1999 and the Companies (Consolidated Accounts) Act 1999 (“the Companies Accounts Acts”).

The Companies Accounts Acts transpose into Gibraltar law the EU 4th and 7th Council Directives on Company accounts and consolidated accounts respectively. The Companies Accounts Acts prescribe the presentation and format of the balance sheet and profit and loss account and the necessary disclosures. The Acts also introduced the requirement to file accounts with the Registrar of Companies (see section 2.12).

The Companies Accounts Acts do not apply to banks or insurance companies. Instead such companies must, respectively, follow the accounting, auditing and filing requirements contained in the Financial Services (Banking) Act, (specifically the Banking (Accounts Directive) Regulations 1997) and the Insurance Companies Act 1987 (specifically the Insurance (Accounts Directive) Regulations 1997).

In addition all companies licensed and regulated by the Financial Services Commission under the Financial Services (Investment and Fiduciary Services) Act must comply with any additional disclosure requirements contained in this Act and with regulations made thereunder.

All companies are required under law to keep proper books and records. In addition a company must prepare annual accounts (including group accounts if applicable) which give a true and fair view of the company's (group's) state of affairs and profit or loss for the financial reporting period. A balance sheet and profit and loss account must be set before the company in general meeting not later than eighteen months after incorporation and subsequently once at least in every calendar year.

The directors of a company must also prepare an annual report for each financial year which includes at least a fair review of the development and state of affairs of the company's business (and its subsidiary undertakings, if applicable) and its financial position as at the end of that financial year. The directors' report must also contain particulars of, inter-alia, any important events which may have occurred since the end of the last financial year, any likely future developments, state what dividend, if any, is recommended for payment and the amount which has been transferred to reserves.

There are no statutory provisions governing the preparation and presentation of accounts for unincorporated businesses or filing thereof.

2.11.2 - Accounting Principles and Standards

As a large number of accountants and auditors in Gibraltar are members of two of the United Kingdom's major accounting bodies, guidance on accounting principles is generally obtained from pronouncements of the United Kingdom Accounting Standards Board. However, in certain circumstances, other internationally recognised accounting standards may be followed. Legislation also permit companies to follow International Financial Reporting Standards.

The Gibraltar Society of Accountants ('GSA') follows a process of adopting Accounting Standards issued in the UK, tailoring them where necessary to Gibraltar's circumstances. For instance, GSA has developed a formal framework of accounting standards, known as Gibraltar Accounting Standards ("GASs"), which members have agreed to follow in the preparation of accounts. The standards are accompanied by Interpretative Notes which "cite the recommended practice in situations where Gibraltar and United Kingdom legislation conflict and also in situations where reference is made in the ASB's accounting standards to United Kingdom legislation and no corresponding Gibraltar legislation has been enacted" [Extract from the Explanatory Foreword to Gibraltar Accounting Standards].

In the case of entities licensed or authorised by the Financial Services Commission, accounts are typically drawn up in accordance with GASs, UK GAAP or International Financial Reporting Standards. At the FSC's discretion other reputable accounting standards may be followed.

2.11.3 - Audit Requirement and the Auditors Public Oversight Body

General

In general, all limited companies must appoint auditors and have their accounts audited except small companies (as defined in section 2.12 below) which do not have income liable to assessment for tax under the Income Tax Act or trade or transact business in Gibraltar in such a way as is likely to generate such income in the future. However, banks, insurance companies and other companies licensed by the Financial Services Commission ("licensed entities") are subject to audit even if they are small. In general, therefore, all local limited trading companies require an audit, but small companies which have no income (see below for recent change) liable to tax in Gibraltar (other than licensed entities) do not.

In addition, as from 1 January 2011, the new income tax act exempts companies (other than licensed entities) which do have income assessable to tax, but whose turnover is less than £500,000, from the requirement to submit audited accounts to the Commissioner of Tax in Gibraltar. The threshold has been raised to £1 million for accounting periods ending on or after 1 July 2013. Such companies will be required to submit accounts accompanied by an independent accountant's report.

Where applicable, auditors must be appointed by the company annually in general meeting. No director or officer of the company may be appointed as its auditor. Every auditor of a company has the right of access at all times to the books, accounts and vouchers of the company, and is entitled to require from the directors and officers of the company such information and explanations as may be deemed necessary for the performance of their duties.

The auditors are also entitled to attend any general meeting of the company at which the statutory accounts examined or reported by them are to be laid before the company and to make any statement or explanation they desire with respect to the accounts.

In certain circumstances a company (excluding licensed entities) that is a subsidiary undertaking may be exempted from preparing audited accounts. For the exemption to apply, the company's parent undertaking must, inter-alia, include the Gibraltar subsidiary in its consolidated accounts. The consolidated accounts must be filed with the Gibraltar Registrar of Companies.

Group accounts

There is a legal requirement for limited companies with subsidiary undertakings to prepare consolidated accounts. These accounts must include a consolidated profit and loss account, a consolidated balance sheet and notes. Small and medium-sized groups need not prepare group accounts unless they include a listed company, a bank or an insurance company. If advantage is to be taken of this exemption then the auditors must confirm that they are entitled to do so.

Groups are classified according to the following parameters:

	Small group	Medium-sized group
Turnover	Up to £6.5 million net* or £6.72 million gross	Up to £25.9 million net* or £31.1 million gross
Aggregate balance sheet total	Up to £3.26 million net* or £3.9 million gross	Up to £12.9 million net* or £15.5 million gross
Total number of employees	Up to 50	Up to 250

* *net of consolidation set-offs and adjustments*

In order to qualify as small or medium-sized, the group must fall within two out of the three parameters listed above in the financial year in question and the preceding year. The rules for applying the criteria are similar to those for establishing the size classification of an individual company (see section 2.12). All other groups are treated as large.

In addition, a company is not required to prepare group accounts if it is itself a subsidiary of a parent undertaking provided certain conditions are met.

The Auditors Public Oversight Board

The Financial Services (Auditors) Act 2009 [the 'Act'] came into force on the 28 May 2009 and repealed the Financial Services (Auditors Approval and Registration) Act 1988. The Act, which implements the European Directive on Statutory Audits of Annual Accounts and Consolidated Accounts, provides, inter- alia, for the establishment of a Public Oversight Body (POB) comprised of a majority of non-practitioners with responsibility for the oversight of:

- The approval and registration of auditors and audit firms;
- The adoption of standards on professional ethics, internal quality control of audit firms and auditing; and
- Continuing education, quality assurance and investigative and disciplinary systems.

Statutory auditors and audit firms approved under the Financial Services (Auditors Approval and Registration) Act 1988 are automatically grandfathered in under the transitional rules.

In September 2009, the Financial Services Commission was appointed by the Government to be the POB (also referred to as the Competent Authority). In March 2012 the FSC was accepted as a member of the International Forum of Independent Audit Regulators.

2.12 - Filing Requirements

Companies (excluding banks and insurance companies) are classified as small, medium-sized or large and the documents to be filed at the Companies Registry vary according to their classification as set out below:

	Small	Medium-sized	Large
Net turnover (pro-rated if more than or less than a year)	up to £6.5 million	up to £25.9 million	over £25.9 million
Balance Sheet total (total assets)	up to £3.26 million	up to £12.9 million	over £12.9 million
Average No. of persons employed	up to 50	up to 250	over 250

A company must fall within two out of the three parameters in the financial year in question and the preceding year in order to be classified as small or medium-sized. However, if a company exceeds or ceases to exceed the limits of more than one of the parameters it will continue to qualify for the relevant year unless it occurs in two consecutive years. For a newly incorporated company, the conditions need only be met in its first financial year.

Large Companies - must file full accounts including the balance sheet, profit and loss account, notes, directors' report and auditors' report.

Medium-Sized Companies - filing as for large companies except that the profit and loss account may be in abridged format. The audit report on the full accounts would not be filed with the abridged accounts since the latter cannot be deemed to give a 'true and fair view'. Instead a special auditors' report would be filed confirming that, in the opinion of the auditors', the company is entitled to and has properly prepared the accounts in accordance with the Companies (Accounts) Act 1999.

Small Companies - required to file abridged balance sheet only.

Banks and insurance companies must file full accounts irrespective of the size of the company.

The relevant documents must be filed within 13 months of the financial year end in the case of a private company and 10 months of the financial year end in the case of a public company. Special rules apply in the case of a company's first reporting period.

The penalty for incorrect or late filing is £100. In addition a fine up to level 3 on the standard scale (£500) may be incurred.

2.13 - Business Registration

2.13.1 - Registration of business names

Whether trading as an incorporated company, or other type of body corporate, a partnership, or simply a sole trader, the name under which the trade is carried on must be registered at the Registry of Business Names within fourteen days of commencement of business. Application is made on the prescribed form for a fee of £20.00. The Registrar may refuse to register a

name which bears too close a similarity to one already in existence or which is considered sensitive or misleading. The words Limited, Ltd. PLC, SA or SL or similar may not appear as a suffix to a business name.

Under the Business Names Registration Act every business name registered on or after 1st January 2000 must submit an Annual Statement of Particulars accompanied by a fee of £15.00. When a business ceases to operate a Form of Notice of Cessation of Business must be presented to the Registrar with a fee of £15.00. The term 'business' includes a profession, the establishment or operation of a website in or from within Gibraltar or via an internet service provider in Gibraltar or the promotion of any trade, business or profession from Gibraltar regardless of where it is situated.

2.13.2 - Registration with the Employment Service

Businesses must register their own and employee details with the Employment Service at the Ministry of Employment. Any business, whether a company, partnership or sole trader must register the following details with the Employment Service within 3 months of commencement of business: -

- (i) The name(s) of the persons carrying on the business or, if a company, the name of the company.
In the case of partnerships, the names of all the partners.
- (ii) The business name under which the business is carried on.
- (iii) The address of the place of business.
- (iv) The nature of the business.
- (v) Other particulars as may be prescribed.

Employment registrations expire within the first 12 months of registration, and thereafter, the registrations must be renewed during the course of the first month after expiry. The annual registration fee is £20 with a penalty of £20 if the fee is not paid within the first month after expiry.

2.13.3 - Registration for social insurance purposes

After the business or company has been registered with the Income Tax Department (see section 2.13.4), the latter notifies the Department of Social Services that a business has been registered. The Employment Service will notify the Department of Social Services (by sending a copy of the approved Terms of Engagement form) of employees hired by a company or partnership so that the employees are registered for Social Insurance purposes. In the case of a self-employed person, he/she would need to complete an

application form for a 'self employed insurance card' at the Department of Social Services.

2.13.4 - Registration for income tax (PAYE) purposes

To register for PAYE purposes a company or business must submit the following documentation to the Income Tax Office: -

For a company:

- (i) Certificate of Incorporation;
- (ii) Employment Service Certificate of Registration;
- (iii) Letter requesting that the Company be registered for PAYE purposes, giving details of Directors and commencement date of trading; and
- (iv) Registered address.

For a business:

- (i) Business Registration Certificate;
- (ii) Employment Service Certificate of Registration; and
- (iii) Letter requesting that the business be registered for PAYE purposes, giving commencement date of trading.

See 4.2 and 4.3 on work permits and engagement (and dismissal) of employees.

2.14 - Company Formation

The applicable legislation is the Companies Act under which only barristers or acting solicitors of the Supreme Court of Gibraltar may incorporate companies for gain. Along with at least one subscriber (seven in the case of a public company), the company name must be approved by the Registrar of Companies and a Gibraltar address must be given as the Registered Office where notice may be served on the company and the statutory registers maintained and kept available for inspection. Companies may be limited either by shares, by guarantee or be unlimited.

As from 1st July 2005, stamp duty is only payable at a flat rate of £10 on any issue or increase in nominal share capital or loan capital.

Other statutory requirements include filing of notices relating to:

- i) the situation of the registered office and any changes thereto;

- ii) the allotment of shares;
- iii) the registration of certain mortgages and charges, including a mortgage or charge on real property, ships and book debts; and
- iv) the names and addresses of the actual directors, secretary and share holders of the company.

Every company must submit an annual return in the prescribed format, the first within fifteen months of incorporation and thereafter once every year. The current fee payable is £45 rising to £65 if submitted later than 28 days of the return date.

2.15 - Purchase of Own Shares

Gibraltar company law permits companies to purchase their own shares subject to having an express power to do so in the articles of association and following statutory requirements.

In general, the purchase price must be drawn out of the company's distributable profits although it may be possible to fund the purchase price from the proceeds of a fresh issue of shares or even "out of capital" (though the latter only applies to private companies and triggers additional requirements such as, inter-alia, a statutory declaration of solvency by the directors, passing of a special resolution by the members of the company, preparation of accounts, an auditors' report and publication of a notice in the Gazette. The statutory declaration and auditors' report must be delivered to the Registrar of Companies).

2.16 - Competition Policy

Trade licensing

Any person who wishes to buy or sell, whether by wholesale or retail of any goods by way of business, or importing of goods in commercial quantities, or who wishes to carry on one of certain specified businesses must be the holder of a licence issued by the Trade Licensing Authority as stipulated by the Trade Licensing Act 1978.

Other businesses requiring licences are hoteliers, caterers, publicans, clubs and canteens, general building contractors and other more specific commercial activities.

Application for a new licence involves the following:

1. A notice of intention in the prescribed form must be published in the Gibraltar Gazette and at least one other newspaper circulating in Gibraltar, fourteen days before the application is made.
2. Any person wishing to object to the issue of the licence must give notice of such to the licensing authority and to the applicant within fourteen days from the date of the above publications. This written notice must state the grounds for objection.
3. The application and objections (if any) are considered at a hearing of which not less than seven days notice has been given to the interested parties.

The latter may be legally represented if so desired and may give evidence, call and cross-examine witnesses. They may not be present, however, during any subsequent deliberation of the authority.

A trade licence is issued on the premises and not the applicant; an application will not be accepted unless suitable commercial premises have been obtained.

Licences run out on 31st December and must be renewed annually.

The fee for a new licence is £40 if effected during the first six months of the year or £20 during the last six months. The levy for renewal of the licence is £25.

2.17 - Financial Services - Regulatory Framework & Licensing

Most classes of financial services businesses in Gibraltar require licensing by the Financial Services Commission (FSC) in accordance with the regulatory framework.

The following are the Supervisory Acts established under the Financial Services Commission Act:

- a. the Financial Services (Insurance Companies) Act;
- b. the Financial Services (Investment and Fiduciary Services) Act
- c. the Financial Services (Banking) Act;

- d. the Financial Services (Collective Investment Schemes) Act 2011;
- e. the Financial Services (Markets in Financial Instruments) Act 2006.
- f. the Financial Services (Occupational Pensions Institutions) Act 2006;
- g. the Financial Services (Auditors) Act 2009; and
- h. the Financial Services (Investment and Fiduciary Services) (Temporary Administration of Companies) Act 2010.

Regulations, including detailed rules on Conduct of Business, have been issued under the various acts.

The Commission is a statutory Corporation comprising eight members, including the Chief Executive Officer who is also the Chairman. The work of the Commission is subject to independent audit by experts appointed by the Minister responsible for financial services.

The Chief Executive Officer is also responsible for the supervision of banks and insurance companies under the requirements of the corresponding acts. Commission personnel include individual supervisors for banking and investment services, insurance and controlled activities.

The Financial Services (Licensing) Regulations, 1991, issued under the Financial Services (Investment and Fiduciary Services) Act, lists several categories of financial services business/activities which require licensing ('licensable activities'). These are shown in the table on the following page.

Class	Description	Financial Services Business
i	Investment Dealer	Dealing in investments
ii(a)	Investment Broker	Arranging deals in investments
ii(b)	Collective Investment Scheme Intermediary	Arranging deals in investments
iii	Investment Manager	Managing investments
iv	Investment Adviser	Investment advice
v(a)	Collective Investment Scheme Manager	Establishing, acting as the manager of, or as operator of, or winding up a collective investment scheme
v(b)	Collective Investment Scheme Depository	Acting as the trustee of a unit trust scheme or the depository of any other collective investment scheme
v(c)	Collective Investment Scheme Administrator	Acting as the administrator of a collective investment scheme

vi(a)	General Insurance Intermediary	Insurance or reinsurance mediation
vi(b)	Life Assurance Intermediary	Insurance or reinsurance mediation
vii	Professional Trustee	Acting as trustee or soliciting such business
viii	Company Manager	Provision of management and/or administrative services for companies
ix	Insurance Manager	Exercising management or advisory functions in relation to one or more insurer or reinsurer
x	Stock Exchange	Establishing and conducting the business of an investment exchange
xi	Clearing House	Establishing and conducting the business of a clearing house
xii	Bureau de Change	Providing money service business activities of bureau de change
xiii	Money Transmitter	Providing money service business activities of money transmitter

External reviews

In May 2007, the International Monetary Fund (“IMF”) published its report on the assessment of Gibraltar’s Financial Sector Supervision and Regulation. The assessment was carried out by a team of nine individuals from the IMF during March 2006 and looked at the Financial Services Commission’s supervisory and regulatory practices in the areas of Banking and Insurance as well as a jurisdiction-wide review of the Anti-money laundering and Terrorist Financing Regime. The report concluded that Gibraltar has a well regulated financial sector and noted a high level of Banking and Insurance Supervision compliance with applicable international standards as well as a high level of compliance with the revised FATF recommendations on the prevention of money laundering and combating terrorist financing.

Other external reviews

During 2004 an independent team, comprising four financial services regulatory consultants and three secondees from the UK Financial Services Authority, was appointed by His Excellency the Governor under the Financial Services Act 1989 (now replaced by the Financial Services Commission Act 2007) to assess the supervisory activities of the Financial Services Commission. This was the third independent review commissioned and the team’s report published in January 2005 emphasised the good standard of financial services regulation achieved by the FSC in Gibraltar, its clear

commitment to meeting international standards, determination to tackle the risks faced and implement a high quality regulatory regime within the context of the Gibraltar market. Further endorsement of Gibraltar's regulatory regime is evidenced by the FSC's acceptance as a member of the International Organisation of Securities Commissions (IOSCO) in April 2005.

More recently, the regulatory processes and supervisory procedures of the Commission on banking activities are being assessed against the proposed revised Based Core Principles and the revised IOSCO principles.

Gibraltar's 'know-your-customer' rules and procedures (and anti money laundering laws and regulations in general) were reviewed and approved by the US Internal Revenue Service for the purposes of Qualified Intermediary ("QI") status in October 2002. QI status enables banks to continue investing in U.S. Securities on behalf of their clients.

3 - Finance and Investment

3.1 - Banking Services

Gibraltar has a well-established banking sector with total assets and third party Funds under Management of approx. £7.1 billion and £8.1 billion respectively. Most of Gibraltar's banks are branches or subsidiaries of major UK and other European and US banks or financial institutions.

The conduct of banking business in Gibraltar is governed by the Financial Services (Banking) Act. Detailed rules and regulations have been issued under this Act to give effect to all EU directives relating to banking including the Deposit Guarantee Directive. (See section 3.8).

In 1999 the UK government agreed that Gibraltar had implemented the necessary regulatory and supervisory practices with regards to banks which matched UK standards. This paved the way for Gibraltar to take advantage of the Single European Passport for Banking. The passport allows Gibraltar licensed banks to set up subsidiaries and branches in other EEA member states.

Responsibility for the supervision of the banking sector rests with the Commissioner of Banking (who is also the Chief Executive Officer of the Financial Services Commission). Day to day supervision is carried out by the Head of Banking & Investment Services Supervision.

The banking sector provides a wide range of facilities including private banking and investment services as well as corporate banking including import and export finance and commercial loans.

In addition to the banks there are three building societies operating in Gibraltar all of which are branches of well known UK societies. The Commissioner of Banking is also responsible for supervising Building Societies.

3.2 - Insurance Services

Insurance business conducted in Gibraltar is governed by the provisions of the Financial Services (Insurance Companies) Act, and by rules and regulations made thereunder. Legislation has been put in place to implement

all EU directives which apply to this sector. Insurance business in Gibraltar is licensed and controlled by the Commissioner of Insurance (who is also the Chief Executive Officer of the Financial Services Commission) and is responsible for administering the Act and its Regulations. The day-to-day supervision is carried out by the Head of Insurance Supervision.

The United Kingdom government has agreed that Gibraltar has implemented the necessary standards with regards to the supervision of insurance companies which match UK practice. As a result, Gibraltar has the approval from the UK government to take advantage of the Single European Passport for insurance. This means that an insurance company licensed in Gibraltar can, with the approval of the Commissioner of Insurance, do business in EEA states either by setting up a branch in those states or by providing insurance from Gibraltar to residents of those states.

The fiscal and legal advantages of using Gibraltar as a jurisdiction for setting-up and administering captives and other types of offshore insurers include the following:

- Gibraltar insurers can underwrite risks in EEA states direct;
- Insurance companies are subject to Corporation tax at the rate of 10% on profits from income accrued and derived in Gibraltar.
- Gibraltar possesses local insurance expertise together with a well-developed legal, accounting and banking infrastructure;
- Stamp duty of £10 on nominal share capital, whether on initial creation or subsequent increase;
- Legal system is based on English common and statute law, with variation enacted by local statutes;
- Official language is English, but the local population is bi-lingual, also speaking Spanish;
- The Gibraltar cost base is highly competitive. The annual license fee ranges from £4,745 to £29,750 depending on the type of business carried out;
- There are no job quota requirements for insurance companies or managers;
- Specialist personnel may apply for a preferential tax status (see Section 5.11.4 on High Executives Possessing Specialist Skills);
- The official currency is Sterling and there are no exchange controls.

The number of registered insurance companies in Gibraltar has increased

significantly in recent years from 13 in March 2000 to 66 in August 2012.

Solvency II

In July 2007, the European Commission (EC) published the draft Solvency II Framework Directive. The Framework Directive presents the preliminary views of the EC on the supervision of insurance and reinsurance undertakings, which is intended to replace the current Solvency I framework.

As opposed to Solvency I, the new approach emphasises an economic or risk-based methodology to assess the capital requirements of insurance companies.

The framework includes not just underwriting risk, but operational, investment, currency and other risks. Similar to Basel II for banking, there are three pillars in Solvency II - quantitative requirements, supervision and disclosure/governance.

Implementation of the Directive is expected by January 2014.

3.3 - Investment Services, Fund Management and Collective Investment Schemes

The conduct of investment services, fund management and administration in Gibraltar is governed by Financial Services Legislation. Detailed rules and regulations have been issued under several Acts to give effect to all EU directives relating to investment services and the regulation of all types of collective investments including Undertakings for Collective Investment in Transferable Securities (UCITS) which are harmonised investment funds within a European context.

Gibraltar transposed the Alternative Investments Fund Managers Directive in July 2013 firmly placing the jurisdiction as an EU domicile of choice for managers and funds in the changing regulatory landscape.

Gibraltar has enjoyed passporting rights in respect of Investment Services for several years now. This means that providers of Investment Services may, based on the authorisation granted locally by the Financial Services Commission, operate in other EEA member states.

Fiscal advantages for both the fund vehicle and the fund manager contribute to Gibraltar's attraction for operating collective investments. Gibraltar operates a territorial basis of taxation whereby income accrued and derived in Gibraltar is subject to tax. A Gibraltar based corporate fund manager providing investment services which require to be licensed and regulated in Gibraltar is subject to 10% tax on their profits (except that the profits of any branch or permanent establishment of the licensee would not be subject to tax in Gibraltar, to the extent that those activities are carried out outside Gibraltar).

Most Gibraltar funds are set up as corporate vehicles and will derive their income from capital gains (which are not subject to tax in Gibraltar) or passive investment income such as bank interest, dividends from listed investments or dividends from other companies all of which are exempt from tax under the Income Tax Act 2010.

Funds and their administration is a sector of the finance industry that has witnessed steady growth in recent years. Investors in an Experienced Investor Fund (EIF) must have a net worth in excess of €1million or invest a minimum of €100,000 per fund (now amended to allow this limit to apply to a €100,000 investment across a number of EIFs).

Within 10 days of the establishment of the fund, the fund's Administrator must provide the FSC with written notification of the establishment of the fund, a copy of the offering document, an opinion from a Gibraltar lawyer that the fund complies with the EIF regulations and any other document required by the FSC. A pre- approval option is now available whereby a fund may file the above for registration with the Regulator at least 10 working days before the establishment of the fund thereby enabling the fund to be deemed to be authorised at the time it launches. An EIF must have two Gibraltar ordinarily resident directors who have been pre- approved by the FSC, an administrator and a depository (unless the fund is a closed fund or the regulator exempts the fund from this requirement).

A number of additional legislative changes have been introduced in April 2012, including the widening of the definition of EIF investor to include professional clients under the Markets In Financial Instruments Directive and investors who invest a minimum of Euros 50,000 on the advice of a professional adviser, as well as the ability to appoint non-Gibraltar licensed administrators, subject to certain conditions, such as that they are established in the European Economic

Area or jurisdictions subject to an equivalent legislative and regulatory regime in relation to the administration of funds.

3.4 - On-line Gambling

The Gambling Act 2005 legislates for all forms of gambling (including betting, bookmaking, gaming and lotteries) in Gibraltar. All gambling operations in Gibraltar require licensing under the Act.

Remote Gambling licences are issued by the Licensing Authority. The government only licences operators with a proven track record in gaming, of reputable standing and with a realistic business plan. Licensees are required to physically operate and be managed in Gibraltar. As at September 2013 there were twenty-eight licensed operators. Licences are issued mostly for either fixed-odds betting or for casinos (including poker), with many operators holding both types of licence. In addition, there is one licence in issue for a betting exchange and one for financial spread betting.

Gaming tax on fixed-odds betting and betting exchanges is levied at 1% of turnover. For online casinos, tax is levied at 1% of gaming yield and 1% of rake in the case of poker operators. In all cases, there is a minimum tax of £85,000 payable and a cap on tax payable of £425,000 per annum, per licence.

Conditions and licensing requirements at present cover areas such as advertising, payout of prize money, customer privacy and data protection, audit and accounts.

The Gambling Act 2005 contains extensive provisions, particularly for remote gambling, including requirements for:

- Certification of testing of gambling equipment and software
- Security of computer equipment and data
- Direct link on the home page to at least one organisation dedicated to assisting problem gamblers, systems to enable a person to request to be self-excluded from gambling with the licence holder, various other requirements to help prevent problem gambling
- Licence holders not permitting persons to gamble unless that person has registered giving full name, residential address, age, etc

- Licence holders to inform registered participants that it is their responsibility to ensure that, under the laws of the jurisdiction to which they are personally subject, it is lawful for them to use the facilities provided.

Further requirements are contained in various publications:

- Generic Code of Practice for the Gambling Industry issued 2008, providing interpretive guidance to the Gambling Act, as well as a guide to what is regarded as good practice for operators in the industry;
- Code of Practice for Anti-Money Laundering Arrangements issued 2011, providing interpretative guidance to the industry in respect of the Gambling Act 2005, the Crime (Money Laundering and Proceeds) Act and the 3rd EU Anti-Money Laundering Directive;
- Remote Technical and Operating Standards issued 2012, which includes technical, responsible gambling and other operating guidelines.

Gibraltar continues to thrive as an attractive base for blue-chip remote gambling operators, principally as a result of Gibraltar's reputation as a reputable and well regulated jurisdiction, a legal framework based on UK law, well developed telecommunications, a favourable tax regime, a multilingual labour force with experience in the gaming industry and freedom of movement of labour from within the EU.

3.5 - Investment Incentives including Government & EU Funds

The Gibraltar government is keen to encourage inward investment particularly in those areas which will generate significant job opportunities for the local workforce. There is a wide range of fiscal and financial incentives as shown below:

3.5.1 - Financial incentives

European Union Funds

European Union Funding has been a major source of finance for economic regeneration in Gibraltar in recent years. Gibraltar is currently eligible to support under the European Regional Development Fund (ERDF) (for business creation & expansion; technology transfer; environmental and infrastructure

projects) and under the European Social Fund (ESF) (for training and retraining projects).

The ERDF Programme focuses mainly on infrastructure projects and the creation of businesses and sustainable employment, whilst the ESF Programme deals with extending employment opportunities and developing a skilled and adaptable workforce.

Both these Programmes operate under the 2007 – 2013 Regional Competitiveness and Employment Objective.

Under the current Programmes, Gibraltar has been allocated €5.8 Million in the ERDF Programme and €3.4 Million in the ESF Programme. These allocations have to be match-funded by Government making the total funds available amount to €18.4 Million.

Wholesale, retail, financial services and mobile investments are areas of business activity not eligible for funding.

Gibraltar also participates in the Interreg programme whose aim is to strengthen transnational and cross border cooperation via joint local and regional initiatives.

3.5.2 - Fiscal incentives

Qualifying (Category 2) Individuals commonly known as ‘High Net Worth Individuals’ (See section 5.11.3)

High Executive Possessing Specialist Skills (HEPSS) (See section 5.11.4)

Development Aid (See section 5.3.5)

Joint venture companies

Amounts invested in companies of which the Gibraltar Government is a member may, subject to such conditions as the Government prescribes, be offset against assessable income.

Tax deductible property zones (See section 5.3.5)

3.6 - The Law and Money Laundering / Anti Terrorism

In 1996 the Criminal Justice Act 1995 came into force. This extended money-laundering offences from drug trafficking to all crimes. In 2004 the Criminal Justice (Amendment) Act 2004 extended the professions and activities (referred to as “relevant financial business”) covered by the legislation.

Anti-Money Laundering Guidance notes have been prepared by the FSC in consultation with the finance sector. These facilitate compliance with the provisions of the Act but emphasize the need for a risk-based approach. The guidance notes are regularly being reviewed to take account of latest developments.

In meeting its international obligations under the EU 3rd Money Laundering Directive and towards combating the financing of terrorism Gibraltar has passed legislation including:

- The Drug Trafficking Offences Act
- The Crime (Money Laundering and Proceeds) Act amended by the Criminal Justice (Amendment) Act 2007
- The Terrorism Act
- The Terrorism (United Nations Measures) (Overseas Territories) Order 2001, and
- The Al-Qaeda and Taliban (United Nations Measures) (Overseas Territories) Order 2002

Money Laundering offences including assisting another to retain the benefit of criminal conduct, acquisition, possession or use of property representing (the same), concealing or transferring the proceeds of criminal conduct or tipping-off. Terrorism related offences include raising funds for terrorism, the use or custody of money or property for terrorism or arranging funding for terrorism.

Persons carrying on relevant financial business (including banks and building societies, investment businesses and fiduciary service providers, life insurance companies, insurance intermediaries, bureaux de change and money transmission services) are required to put into place measures to ensure the prevention, detection and reporting of suspicious transactions.

In addition to being fully in compliance with the revised FATF Recommendations, the Basle Principles, the Vienna Convention and the EU 3rd Money Laundering

Directive, Gibraltar has in recent years been subject to external reviews by the Financial Action Task Force (“FATF/GAFI”) and the International Monetary Fund (“IMF”) (see section 2.17).

The central reporting authority in Gibraltar for suspicious transactions is the Gibraltar Financial Intelligence Unit (GFIU) staffed by officers from Gibraltar Customs and the Royal Gibraltar Police. All regulated entities are required by law to report to the GFIU known or suspected illegal transactions or attempted transactions.

3.7 - Import and Export Procedures

Gibraltar does not form part of the Customs Territory of the EU and is therefore not required to comply with the various quota and tariff restrictions which the Union imposes. Nevertheless, Gibraltar is regarded as a developing country for the General Agreement on Tariffs and Trade (GATT). GAAT was replaced by the World Trade Organisation (WTO) in 1994. The original GAAT test is still in effect under the WTO framework. Gibraltar sourced goods are entitled to various tariff and quota concessions.

The Gibraltar government levies import duties on most goods, except foodstuffs and medical supplies, at rates between 0% (exempt) and 12%.

There are special procedures covering goods-in-transit and temporary importation (see table in Section 5.13.2 which summarises the current position on a range of goods).

Gibraltar is outside the Customs Union and therefore Customs procedures and tariffs vary from other EU territories. However, Gibraltar has adopted the Single Customs Declaration and other procedures which are common to all countries which have participated in the Automatic Systems Customs Data (ASYCUDA) Project promoted by the United Nations.

3.8 - Investor Protection

3.8.1 - General

The Chief Executive Officer of the Gibraltar Financial Services Commission (FSC) is responsible for the supervision, licensing and regulation of all companies and individuals who offer financial services or products to the public (see section 2.17).

The United Kingdom government has agreed that Gibraltar has implemented the necessary regulatory and supervisory practices with regards to regulated entities which match UK standards.

3.8.2 - Deposit Guarantee Scheme

Gibraltar has implemented the European Union Directive on Deposit Guarantee Schemes which ensures that there is a level of deposit protection for depositors with credit institutions in Gibraltar.

In general, the Gibraltar Deposit Guarantee Scheme covers 100% of a credit institution's total liability to a depositor in respect of qualifying deposits subject to a limit of €100,000.

3.8.3 - Investor Compensation Scheme

Gibraltar has implemented the European Union Directive on Investor Compensation Schemes which covers eligible investments made by an investor but specifically excludes deposits qualifying under the Deposit Guarantee Scheme (see 3.8.2 above). In general, the compensation scheme will cover 90% of all eligible investments held by the claimant with the investment firm subject to a maximum payment to any one individual of €20,000.

As a result of the financial crisis, the European Commission has been looking into a possible increase of the compensation limits at a level consistent with the Deposit Guarantee Schemes Directive.

4 Residency, Employment Regulations and Social Security Contributions

4.1 - Establishing Residency

Immigration and the right to enter Gibraltar are governed by the Immigration Control Act. All persons registered as having Gibraltarian status or who are British Dependent Territory Citizens by virtue of their connection with Gibraltar are exempt from having to hold any permit or certificate of residence required by the Act. Exemption is also granted to Commonwealth citizens employed in Gibraltar in HM Services, HM Government Service or Gibraltar Government Service.

European Economic Area (EEA) nationals are entitled to enter or remain in Gibraltar in any case in which they are entitled to do so by virtue of an enforceable European Community right (including workers, students and retired persons). Initially they may stay in Gibraltar for three months after which time they will be granted a residence permit valid for five years which is renewable, on condition that they have found suitable employment or established a business. People in this category are entitled to bring their immediate family (normally the spouse and children) with them. However, family members who are not EEA nationals require an EEA family permit. Exceptions to the general entitlement of EEA nationals, however, are the following:

1. French nationals solely by birth in, or by other connection with, a French overseas dependant territory; and
2. Nationals of the Netherlands solely by birth in, or by other connection with, Surinam or the Netherlands Antilles.

Other nationals require both work permits (see section 4.2 below) and residence permits. Any person not having the right of abode in Gibraltar may be refused admission (or after admission be required to leave) in the interests of public policy, public security or public health.

Residence permits may be granted at the governor's discretion to non-EEA nationals who do not have a work permit if he is satisfied that the applicants are of good character and that it is in the interest of Gibraltar that residency

should be granted. Non-EEA nationals who have obtained Qualifying (Category 2) Individual tax status (commonly known as a High Net Worth Individual) (see section 5.11.3) are likely to obtain residence permits on this basis.

Citizens of the United Kingdom can, also at the Governor's discretion, be granted a certificate of permanent residence providing they are of good character and are likely to be an asset to the community.

If an EEA national wishes to retire in Gibraltar the person must prove to the satisfaction of the authorities that he/she has:

- Full risk private medical insurance (except eligible UK nationals - see note* below);
- Adequate financial resources; and
- Adequate accommodation in Gibraltar. In practice, this would involve the purchase of a quality property.

** under a reciprocal agreement between the UK and Gibraltar, eligible UK nationals retiring in Gibraltar may be entitled to free medical services in Gibraltar.*

Only citizens of countries that appear on the EU Common Visa List require visas to enter Gibraltar. Approximately 100 countries appear on the visa list. These countries are mainly in Africa, Asia and Eastern Europe. A full list of these countries may be obtained from the Passport Office.

Normally, visa applications are handled by the United Kingdom embassy in the applicant's home country. Visa requirements are similar to those in the United Kingdom.

Applications are reviewed based on the intention of the visit and whether the applicant has proof of return or onward travel out of Gibraltar. In particular, any practical difficulties that could arise if forcible deportation became necessary are taken into consideration.

4.2 - Work Permits

Under the Control of Employment Act, the government may control the employment of 'non-entitled' workers by means of work permits.

An entitled worker means a worker who is:

- a national of a country belonging to the European Economic Area (EEA); or
- a non-EEA national working in Gibraltar since before 1st July 1993; and
- authorised to work in Gibraltar under the Immigration Control Act.

A non-entitled worker is simply a worker who is not an entitled worker.

EEA nationals are allowed to stay in Gibraltar for three months after which they will be granted a residence permit for five years, which is renewable, on condition that they have found suitable employment or established a business.

In the case of a non-entitled worker, a work permit will only be granted if there are no entitled workers able and willing to take up the particular employment. Such persons may be granted residential permits on an annual basis and are normally renewable only if the person is still in possession of a work permit. The non-EEA national may be refused permission to buy real estate in Gibraltar; such permission cannot be refused to residents of EEA countries. Work permits for non EU nationals are only issued after a (refundable) deposit is paid to the Employment Service to cover any repatriation etc that may be required.

Where government employment is offered, priority will be afforded in all cases to Gibraltarians.

4.3 - Engagement and Dismissal

4.3.1 - Engagement

In order to engage an employee the employer must first register the vacancy(ies) at the Employment Service by completing and submitting a “Notification of Vacancy” form. The commencement date for the new employee(s) cannot be earlier than 2 weeks from the date on which the vacancy is registered.

If the employee is a “non-entitled” worker (see section 4.2) the employer must obtain a work permit (see section 4.2) from the Employment Service for that worker. This involves, inter-alia, completing a “Request for the Issue of a Work Permit” form.

In all cases the employer must complete a “Notice of Terms of Engagement” form, which includes particulars of the terms of employment such as salary/wages, interval of pay, hours of work, holiday entitlement and minimum period of notice for termination of employment. This notice must be accepted and signed by the employee before it is filed at the Employment Service. Employee details have to be registered within 14 days of commencement of the employee’s engagement. On termination of employment of any employee the Employment Service must similarly be notified within 14 days.

The process for registering the employee at the Department of Social Security (“DSS”) and the Income Tax Office (“ITO”) has been simplified in recent years with the introduction of a scheme commonly known as the “one-stop shop”. Under this scheme, in cases where an employee is simply moving jobs within Gibraltar, the records at the DSS and ITO are automatically updated internally without the need for the employee to visit each department in turn.

4.3.2 - Dismissal

The Employment and Training Act contains provisions regarding the “right not to be dismissed unfairly” and the “meaning of Fair and Unfair Dismissal and Onus of Proof”.

The law provides instances where, generally, the employer would be justified in dismissing an employee. These include the following:

- [Unacceptable] conduct of the employee (for example, a poor attendance record).
- Lack of capability or qualifications for performing the kind of work for which they were employed.
- A legal or other restriction imposed upon the employee that prevents that person from working (for example, where a van driver loses his licence)
- Termination of a fixed term contract.
- Some other substantial reason.

It is important to note that the onus always falls on the employer to prove the fairness of the dismissal. Termination without good reason and without following disciplinary procedures may result in a claim for unfair dismissal.

The law also provides instances where dismissal would automatically be deemed unfair. These include the following:

- Trade union related such as becoming, or indicating an intention to become, a member of a trade union or other organisation of workers or taking part in any trade union activities.
- Maternity related such as pregnancy or any other reason connected with her pregnancy.
- Health and safety related such as taking, or proposing to take, reasonable action to protect oneself or others in dangerous circumstances or refusing to return to work, where the employee reasonably believes a danger exists.
- A claim has been made or alleged against the employer under employment regulations.
- Proceedings brought by the employee against the employer to enforce a legal right or prevent the infringement of a legal right. It is a precondition that the claim must be done in good faith.

Claims for unfair dismissal may also follow from situations where an employee resigns because of the conduct or actions of the employer. This is known as constructive dismissal.

4.3.3 - Notice period for termination of employee

The period of notice for the termination of employment may have been determined by mutual agreement or contract. However if the contract is for an indefinite period with no specific agreement as to the notice period (or the contract stipulates a period of notice which is less than the statutory minimum) the following statutory minimum periods of notice must be given by the employer.

- i) Where the payment period is not greater than once a fortnight (for example weekly paid employees):-

Years of continuous employment	Notice to be given (minimum)
Less than 2 years	1 week
From 2 to less than 5 years	2 weeks
From 5 to less than 8 years	4 weeks
From 8 to less than 10 years	8 weeks
10 years and over	13 weeks

- ii) For other payment periods (for example monthly paid employees):-

Years of continuous employment	Notice to be given (minimum)
Less than 8 years	1 month
From 8 to less than 10 years	2 months
10 years and over	3 months

Notice need not be given if there is good and sufficient cause. This could be lack, loss or impairment of skill, ability or efficiency that makes the fulfilment of the contract impossible. Additionally, if the employer has lost confidence in the employee.

4.4 - Working Conditions

Government employees are paid at a rate on parity with UK and the private sector is broadly in line with government.

There is a policy of equal pay for women and minimum wage protection for certain sectors. The statutory minimum wage has been increased from £5.70 per hour to £6.00 per hour as from 1 September 2013. This is equivalent to £234.00 weekly (based on 39 hour week) and £936.00 monthly. Also, in general, an employee cannot be required to work more than an average of 48 hours a week unless this has been agreed in writing with the employer. Employees working in certain sectors are excluded.

Consultation is encouraged between employees and employers over working conditions and there are provisions for involving statutory wage fixing in the event of a breakdown in negotiations.

Employers are required to keep their premises in a reasonable and safe condition for their workers, as laid down in the Factories Regulations. There is also legislation governing the storage and use of explosives and petroleum products.

4.4.1 - Holiday entitlement

Minimum holiday entitlement according to law is as follows:

Period in Employment	Minimum Leave (days) p.a.*
<3 Years	15
3 to 5 Years	20
5 to 8 Years	22
>8 Years	25

**based on a 5 days per week employment*

The holiday entitlement is generally in addition to the public holidays listed in Section 1.11.6. The main exception relates to employees' whose terms of employment require them to work on public holidays (for example employees of the emergency services). Such employees are allowed, in accordance with their terms of engagement, predetermined rest days and periods. Holiday entitlement cannot be replaced by a payment in lieu.

An employer can determine the starting date(s) and duration of holiday leave. This information must, however, be notified to the employee (either directly or via a public notice) within a reasonable period of time.

4.4.2 - Redundancy pay entitlement

Minimum redundancy pay entitlement is based on the number of years employed and in accordance with the following bandings:

Years Employed	Weeks pay per year*
< 1 year	0
First 5 Years	2
Next 5 Years	3
Over 10 Years	4

The maximum entitlement is 1 year's salary.

**Week's pay means the average of the gross weekly payments made to that employee in the 13 weeks immediately prior to the termination of the employment.*

Note:

These are the standard conditions that can vary, notably in the Retail, Wholesale, Licensed Non-Residential, Building & Painting or Mechanical & Electrical sectors.

4.4.3 - Sick pay entitlement

Employees who have worked for more than 3 months are entitled to sick leave consisting of 2 weeks full pay and 4 weeks half pay over a 12 month period of employment. An employee must report his/her illness to the employer within three days of absence from employment and supply a certificate of illness from a medical practitioner in the European Community.

The employer may deduct from the employees' sick pay any benefits received from Social Security.

4.4.4 - Parental leave entitlement

Although not legally defined, parental leave relates to a period of unpaid leave taken by the mother or father of a child and any person who has obtained formal parental responsibility of a child. An employee who has been continuously employed for at least one year and has, or will have, the responsibility of a child is entitled to be absent from work on unpaid parental leave.

Parental leave, which is always without pay, consists of 13 weeks leave, provided that no more than 4 weeks are taken after the birth or adoption of a child in any one year.

Parental leave is only permitted until the child's fifth birthday or fifth anniversary of adoption, where relevant.

The employee must give minimum periods of notice and an employer may postpone the leave if the operation of the business would be substantially prejudiced by the employees' absence.

4.4.5 - Maternity leave and allowance

Statutory maternity leave, which is unpaid, consists of 14 weeks.

Maternity allowance is a weekly benefit of £87.64 paid by Government for a period of 18 weeks and can be claimed as early as 11 weeks before the expected week of birth but not later than 6 months after the right to maternity leave has been exercised. Provided appropriate Social Insurance contributions had been paid by the claimant in the year prior to the birth a Maternity Grant of £400 is also available.

4.4.6 - Time off work for urgent family reasons

Time off must normally be allowed to employees for urgent family reasons, such as sickness or accident affecting a member of the employee's immediate family which makes the employee's immediate presence indispensable.

An employee is entitled to up to five working days in each year. The employer may require proof of the necessity for the leave.

Employees are not entitled to be paid during the time off work. The absence from work is considered a special type of unpaid leave.

4.5 - Labour Relations and Trade Unions

Trade Unions are recognised in Gibraltar but it is not compulsory for workers to join a Union. Unions must be registered under the Trade Unions and Trade Disputes (Conciliation and Arbitration) Act. Employees and Unions are entitled to withhold labour when there is a dispute.

4.6 - Social Security Contributions

In general, everyone over the age of 15 who is self-employed or employed in Gibraltar or, in certain cases, on a ship registered in Gibraltar is required to make social security contributions. These persons are known as 'contributors'. Non-residents employed in Gibraltar are also subject to the employment laws and social security legislation.

An individual may be exempted from contributing to the local system if the local authorities are satisfied that the individual is keeping up contributions to his or her home country's scheme, and if the scheme offers benefits that are at least equivalent to those offered by the Gibraltar social security system. In the case of an EU national it is a fairly straightforward process which basically requires the production of the requisite documentation and completion of a form.

EU nationals also benefit from EU aggregation rules for certain benefits, including unemployment benefits. However, they are not entitled to claim social assistance or other non-contributory benefits.

Gibraltar does not have bilateral social security arrangements with other countries; it is regarded as a part of the UK for EU purposes.

All employees are entitled to be included in approved pension schemes in Gibraltar which are additional to the social security arrangements. Company directors are also entitled to be included as are partners of firms.

All self-employed persons are entitled to retirement pensions from the social security scheme as long as the appropriate contributions have been paid.

Unemployed workers are granted credits against their social security contributions.

If they satisfy the required conditions they may also claim unemployment benefit and in cases of hardship may receive supplementary benefit.

Social security benefits also include maternity grants, death grants, guardian's allowance for orphaned children and widower's allowance for persons under 65 years who are incapable of supporting themselves.

Industrial injuries benefit and disablement benefits are available, and vary according to disablement.

In April 2007 the Social Insurance contribution system was merged with the Income Tax PAYE system and is managed by the Income Tax Office.

Under the Social Insurance contribution system, weekly rates of contributions payable, subject to a predetermined minimum and maximum rate, are earnings related. The contributions are calculated as follows:

- i) Employee Social Insurance contributions are payable at 10% of gross earnings, subject to a maximum adult rate contribution of £25.16 per week and subject to a minimum of £5.00 per week.
- ii) Employer Social Insurance contributions are payable at 20% of gross earnings, subject to a maximum of the current maximum adult rate of contribution of £32.97 per week and subject to a minimum of £15.00 per week.

Employees will receive a certificate determining the level of contribution required, contribution codes are as follows:

Contribution Class	Code	Weekly rate of contribution	
		<i>Employee</i>	<i>Employer</i>
Earnings related	ER	10% Gross earnings	20% Gross earnings
Men / Women between 18 and 59		min £5.00 max £25.16	min £15.00 max £32.97
Married Women	MW	£13.10	20% Gross earnings
Married women and widows who have elected not to pay contributions under the Social Insurance Act prior to 1 January 1985			min £15.00 max £32.97

Contribution Class	Code	Weekly rate of contribution	
		Employee	Employer
Pensioner	PN	Exempt	20% Gross
Men / Women			Min £15.00
Age 60 and over (as from 1 July 2006 exempt from payment of contribution)			max £32.97

Self employed contributors and Voluntary contributors

Class of employed insured person	Weekly rate of contribution	
	Self Employed	Voluntary Contributor (incl. contribution to Short Term benefit fund)
Men aged between 18 and 64	20% Gross	£13.71
Women aged between 18 and 59	earnings min £10.00 max £30.17	

Casual / Part time workers

Employees working less than 15 hours in any week will now contribute to the Open Long - Term Benefits Scheme and Fund. All such persons will therefore be entitled to the prescribed benefit payments under that Scheme.

5 - Taxation

5.1 - Changes for 2013/14

The principal changes for tax year 2013/14 are:

Corporate tax

- The audit exemption threshold, above which companies are required to file audited accounts with the Income Tax Office, raised from a turnover of £0.5m to £1m;
- New Capital Allowance deduction of 100% over 8 years for the occupier and/or developer in respect of the construction of office accommodation;
- A new class of taxable income introduced, Class 1A - Interest on Inter-company Loans and Advances, which applies only to interest from a single company or group of connected companies when that interest exceeds £100,000 per annum;
- With effect from 1st January 2014, royalties received or receivable by a company were brought within the charge to tax.

Personal tax

Gross Income Based System

- New deduction of up to £1,000 p.a. in respect of contributions to approved pension schemes;
- Deduction introduced of up to £5,000 p.a. for first-time home buyers.

Allowance Based System

- Tax rate applying to the taxable income band of between £4,001 and £16,000 reduced from 30% to 24%;
- Spouse Allowance and Single Parent Family Allowance increased from £2,632 to £3,000;
- Personal Allowance increased from £2,812 to £3,000;
- "Low earners allowance" increased from £9,000 to £10,000;
- Medical insurance allowance increased from £1,500 to £2,000;
- Nursery allowance increased from £2,000 to £3,000 per child;
- Disabled Individuals Allowance increased from £2,724 to £5,000.

Gift Aid

The limit on gifts under this scheme increased from £1,000 to £5,000.

Rates

Adding to the early payment discount of 50% introduced last year for new companies starting up a business, for 2013/14 there is a 2nd year discount of 25%.

Stamp duty

Nil rate introduced for 1st and 2nd-time purchases of property costing up to £250,000.

Import duties

Changes made to import duties including:

	Change
Diesel fuel	From 15.5p to 22p/litre
Cigarettes	From £1.00 to £1.10 per packet
Marine fuel	Now 0% (previously various rates)
Jewellery	From 6% to 4.5%
Loose gemstones	From 12% to 0%
Sunglasses & mobile phones	From 6% to 3%

5.2 - General Principles

On 1 January 2011 the Income Tax Act 2010 came into operation. The new Act ended the distinction between offshore and onshore business and moved Gibraltar to a system of self-assessment for companies and self-employed.

The Act provides that all companies, however owned, are taxed on profits accruing in or derived from Gibraltar, thereby preserving the territorial basis of taxation. "Accrued in and derived from" is defined by reference to the location of the activities which give rise to the profits. In the case of companies licensed and regulated under Gibraltar law, the activities which give rise to the profits are deemed to take place in Gibraltar, with the exception of profits generated by overseas branches or permanent establishments.

The Commissioner of Income Tax has responsibility for administration of the Income Tax Act and for the assessment and collection of income tax. Except for bringing a prosecution for a tax offence, there is power to authorise any person to carry out any duties imposed by the Act.

Documents, information and returns are regarded as secret and confidential, and any official or other employee of the administration who does not observe this rule is guilty of an offence. Communication of such information is however permitted for carrying into effect the provisions of the Act or in accordance with EU Council Directives regarding exchange of information (principally the Mutual Assistance and Savings Directives) or International Tax Information Exchange Agreements (see below). Communication is also permitted for the purposes of a prosecution or for enabling proper double tax relief to be given. The Commissioner may allow the Principal Auditor access to documents as necessary for the performance of his official duties.

An independent tax tribunal hears appeals brought by taxpayers. The Members of the tribunal and a clerk are subject to a statutory declaration not to disclose any information except for the purposes of any prosecution for an offence relating to the Income Tax Act, or in such other cases as may be required by law. Proceedings before a tribunal are not open to the public.

5.2.1 - Information exchange and compliance with international requirements

The Government of Gibraltar has indicated its commitment to exchange of information on the basis of the OECD Model Agreement. At time of writing, the Government of Gibraltar has concluded Tax Information Exchange Agreements (TIEA) with twenty-six countries including the United States, the United Kingdom and Ireland. As a result, Gibraltar is categorized as a jurisdiction that has substantially implemented the OECD internationally agreed tax standard (the so-called "white list").

Gibraltar has also committed to a pilot scheme for the automatic exchange of information with the UK, France, Germany, Italy and Spain and is preparing the ground for the implementation of the US FATCA (Foreign Account Tax Compliance) model to counter tax evasion by US citizens.

In June 2013 the EU Code of Conduct Group and the European Council of Economic and Finance Ministers ("ECOFIN") fully endorsed the Income Tax Act 2010.

5.2.2 - Classes of income

The Act sets out different classes of income as follows:

Table A

- i) Gains or profits of a company or a trust from any trade, business, profession or vocation;
- ii) Any rents, premiums and any other profits (not being capital gains) arising from any interest in real property;

Table B

- i) Income from any office or employment, including any allowances, perquisites or benefits in kind specified in Schedule 7 of the Act;
- ii) Income from a trade, business, profession or vocation.

Table C

Class 1 - Dividends, except for dividends:

- paid or payable by a company to another company; or
- paid to a person who is not ordinarily resident in Gibraltar; or
- paid by a company whose shares are listed on a Recognised Stock Exchange;

Class 1A - Inter-company loan interest (see 5.3.21 below);

Class 2 - Income from a fund which is not marketed to the general public, including shares in or securities of an open-ended investment company. (Whether the income is taxable or not depends on whether the underlying income of the entity or entities forming the structure of the fund is taxable).

Class 3 - Income from any right to and interests in anything falling within Classes 1 or 2 above;

Class 3A - Royalties received or receivable by a company (with effect from 1st January 2014 - See section 5.3.22);

Class 4 - Any pension, charge or annuity that is not maintenance, alimony or other payment to a spouse or child under a Court Order or Deed of Separation;

Class 5 - Any profits or gains to be treated as income under the anti-avoidance clauses of the Act.

Companies

Companies are only chargeable to tax in Gibraltar on income in the above Tables accruing in or derived from Gibraltar. In other words, companies are taxed on a territorial basis with regards to the activities giving rise to the income.

Persons (other than companies)

Persons other than companies (i.e., generally individuals and trusts) are chargeable to tax upon income in Tables B and C on a worldwide basis. Income in Table A (generally this means rental Income) is only taxable when accruing in or derived from Gibraltar, which in turn arises only if the property in question is located in Gibraltar.

Income not taxable

No income tax is payable on the following:

- a) Non-trading investment income (with the exception of Class 1A inter-company loan interest see 5.3.2 below);
- b) Companies' income which is not accrued in or derived from activities carried out in Gibraltar;
- c) Rental income from properties located outside Gibraltar;
- d) Income received in respect of directors fees, provided the director earning the income is not ordinarily resident in Gibraltar, and is present in Gibraltar for less than 30 days in the year of assessment;
- e) Funds income from a fund that is marketed to the general public, or
- f) Other income specifically exempted by rules made under the Act.

5.2.3 - The Tax Year and Basis of Assessment

For individuals and trusts the year of assessment runs from 1 July to 30 June in the following year, with taxpayers being assessed on an actual basis. Prior to 2011, self-employed income was generally taxed on a preceding year basis (i.e., the assessment for a tax year was based on income in the previous year).

Companies are assessed on an actual basis according to their financial year; i.e., there is no separate tax year. Prior to 2011 companies were generally assessed on a preceding year basis.

5.2.4 - Payment and Filing Dates

Individuals

Payment of tax

In respect of income from employment, tax is deducted from wages and salaries under a PAYE system. Any additional tax due is generally payable by the employee once assessed by the Income Tax Office.

Income from self-employment is payable under self-assessment. The taxpayer should make two payments on account* by 31 January and 30 June, respectively, in the year of assessment. Any balance remaining is payable by 30 November following the end of the tax year.

Filing requirements

Individuals are required to file their Tax Return in respect of a tax year by the 30th November following the end of that tax year. Individuals with income from self-employment must draw up their accounts to 30 June each year.

Trusts

Payment of tax

The trustees of a trust are required to pay any tax due by the trust under self-assessment. Payments on account* are due by 31 January and 30 June, respectively, in the year of assessment. Any balance remaining is payable by 30 November following the end of the tax year.

Filing requirements

The trustees of a trust with assessable income are required to file a Trusts Tax Return by 30 November. Trusts with assessable income must draw up their accounts to 30 June each year.

Companies

Payment of corporate tax

A company is required to make two payments on account* of corporate tax by 28 February and 30 September each year. These are payments towards the tax liability arising from profits in the financial year in which those payments are due. Any balance of tax remaining is payable within six months of the end of the company's accounting period.

Filing requirements

Companies with turnover of less than £1m for a financial year (or equivalent

on a pro-rata basis if the accounting period is less than one year) are required to file their Tax Return, accompanied by an Independent Accountant's Report, within six months of the financial year end. This applies to accounting periods ending after 30 June 2013; for periods prior to that, the threshold is £500,000.

If a company has turnover of £1m or more (for periods ending prior to 1 July 2013: £500,000), it is required to submit audited accounts. Although it is required to file its Tax Return within six months of its financial year-end, it may file unaudited accounts with the Return at this stage. The company then has an additional three months in which to submit its audited accounts, together with an amended Tax Return if required.

** Note on payments on account - payments are in two equal instalments of 50% of the tax payable for the last relevant accounting period. If the taxpayer believes that the tax payable on account on this basis will exceed the liability payable for the year he may apply to the Commissioner to be discharged in whole or in part from his obligation to make the advance payment. However, if it is subsequently found that the application has been made erroneously and that the final liability is higher than predicted by the taxpayer, a surcharge on late payment of the difference may apply.*

5.2.5 - Appeals

A taxpayer may appeal in writing to the Commissioner of Income Tax against an assessment within 28 days of the date of service of the assessment.

5.3 - Corporate tax

5.3.1 - Taxable base

The taxable base of a company is as defined in Section 5.2.2.

5.3.2 - Ordinary residence

A company is considered to be ordinarily resident in Gibraltar if the management and control of the company takes place in Gibraltar, or management and control is exercised outside Gibraltar by persons who are ordinarily resident in Gibraltar. Management and control means the highest level of oversight, usually as exercised by the board, rather than day-to-day management. However, ordinary residence, in itself, is not what determines if a company is taxable in Gibraltar; this is determined by the location of the activities giving rise to the company's profits (see Section 5.2).

5.3.3 - Corporate tax rates

From 1 January 2011

From 1 January 2011 onwards all companies are chargeable on taxable profits at the rate of 10%, except for utility, energy and fuel supply companies and for companies deemed to be abusing a dominant market position, for which the applicable rate is 20%.

Until 31 December 2010

In 2010 the standard rate of tax for companies was 22%, with a reduced rate of 20% for small companies. This lower rate applied to companies whose taxable profits did not exceed £35,000 and which derived at least 80% of their turnover from trading. Between £35,000 and £44,333 the full rate of 22% applied less marginal relief of 3/40 (7 1/2%) on the difference between £44,333 and taxable profits. Property holding companies were not eligible for the small companies rate.

Companies which commenced trading on or after 1 July 2007 benefit from “start-up” relief, subject to conditions, under which the 10% tax rate applied prior to 2011 (see Section 5.3.18)

5.3.4 - Exempt companies

Exempt company status was phased out by 31 December 2010.

5.3.5 - Deductions allowed against income

As a general rule a deduction in computing the profits or gains shall only be allowed in respect of any disbursement or expense which is wholly and exclusively incurred for the purposes of the production of the income of the trade, business, profession or vocation. In addition, deductions are available in respect of:

Approved expenditure on premises

Expenditure incurred on painting, decorating, repairing and, in general, enhancing the appearance of the frontage of premises entitles the claimant for a deduction in computing the income chargeable to tax. This deduction is in addition to any other deduction which may already be available as a business expense, for example, if the expenditure already meets the criteria as a deductible repairs expense.

The expenditure must be certified by the Town Planner, and the claim for the deduction must be made within two years after the end of the year of assessment for which the deduction is claimed.

Development Aid

The objective of Development Aid is to encourage investment in Gibraltar by way of development that produces a tangible and substantial benefit to the economy.

Applications for a Development Aid Licence are made to the Secretary of the Development Aid Committee. If a Licence is granted, the relevant Government Minister, on the advice of the Development Aid Advisory Committee, will determine what proportion of the total capital expenditure in percentage terms is available for tax relief.

The amount calculated on this basis is available as a deduction against taxable profits, with any unused amount being available to use as a deduction in future years. The amount of profits which have been offset by Development Aid, once distributed to the beneficial owners of the development company, is treated as non-taxable in the hands of those beneficial owners.

In addition, first time occupiers of property which was the subject of a Development Aid Licence, are entitled to rates relief as follows:

Commercial Premises		Residential premises	
Year	Relief	Year	Relief
1st year	100%	1st year	100%
2nd year	80%	2nd year	90%
3rd year	60%	3rd year	80%
"	"	"	"
"	"	"	"
"	"	"	"
6th year (and after)	0%	11th year	0%

5.3.6 - Deductions not allowed against income

The Income Tax Act 2010 includes a list of expenses which are not deductible, or for which the deduction may be restricted. This includes:

- Losses not connected with, or not arising out of the trade, business, professional or vocation;
- Capital withdrawn from the business;
- Capital employed in the improvement of premises;
- Sums recoverable under insurance or a contract of indemnity;
- Interest paid/payable to a person not resident in Gibraltar, to the

extent that the interest charged is at more than a reasonable commercial rate;

- Interest paid/payable on funds borrowed other than for the purpose of the trade or profession which generates the income;
- Depreciation and amortisation of assets (instead capital allowances are given - see Section 5.3.7);
- Taxation charged under the Income Tax Act 2010, or tax charged by other jurisdictions in respect of which double tax relief may be given (generally this means tax on profits);
- Contributions to a provident, pension or other fund for the benefit of employees where the fund has *not* been approved by the Commissioner of Income Tax;
- Entertaining expenses - generally the cost of entertaining clients is deductible, but there are detailed rules which restrict this. The Act appears not to allow a deduction unless the person being entertained is a client (as opposed to, for example, business introducers). However, it is understood that what is to be applied in practice - within reason - is that deductions will be extended to include such expense that is incurred wholly and exclusively in the production of income. This area should be treated with caution, with comprehensive records kept if it is intended to claim a deduction;
- In the case of a branch or a company with a branch, the deduction for certain head office expenses or expenses incurred by a branch for the common purpose of the company in excess of 5% of gross income.

The Income Tax Act 2010 states that “In the case of person who has income some of which is chargeable to tax and some of which is not chargeable to tax, in computing the profits and gains liable to tax, the deductions allowed ... shall be apportioned on a pro-rata basis between the chargeable and non-chargeable income.”

This could be interpreted as meaning that all otherwise deductible expenses should be apportioned such that no deduction would be obtained for the portion of costs that are allocated against non-chargeable income.

The Commissioner of Income Tax has stated that this clause will only be applied to deductions of a general nature and that direct expenses should be deducted against the income they relate to and not apportioned.

5.3.7 - Capital Allowances for Business Assets

The first £30,000 of plant and machinery (including fixtures, fittings, equipment, etc, but not motor vehicles) acquired in a year of assessment is fully deductible within the year. An annual allowance is given for any remaining balance over this amount. No initial allowance is given for motor vehicles, but an annual allowance is given as set out below.

In addition, the first £50,000 of qualifying capital expenditure on Information Technology investment is also fully deductible within the year. As for plant and machinery, an annual allowance is given for any remaining balance over this amount.

The following table summarises the position both pre and post 1 January 2011:

	Initial allowance	Until 31.12.10 Additional allowance	From 1.1.11 Additional allowance
Plant and machinery (including fixtures & fittings)	100% on first £30,000 (except for motor vehicles)	at 25% p.a. straight line on balance	at 15%* p.a. on reducing balance
Computer hardware and software	100% on first £50,000	at 25% p.a. straight line on balance	at 15%* p.a. on reducing balance
Industrial buildings (including factories, hotels and similar premises)		4% p.a. straight line on cost	4% p.a. straight line on cost

As from 1 January 2011, all assets are pooled for tax purposes. The pool is increased in respect of any additions in excess of the initial allowance in the period, and is reduced by the proceeds of any disposals during the period. The allowance for the year is then calculated at 15% of the value of the pool. The pool value is then reduced by that allowance and the remaining balance is carried forward to next year. There is no initial allowance on motor vehicles.

** For companies taxed at 20% (utilities, energy companies, etc) an annual allowance of 20% is given instead of 15%.*

In addition to the above, from 1 July 2013 capital allowances are given in respect of the construction of office accommodation in Gibraltar where construction commences on or before 31 March 2015. 30% of the construction costs are given as an allowance in the first year following completion of construction, with the remaining 70% over the following seven years. This allowance can be claimed in part or in full by either the developer or the occupant. It is limited

to those costs wholly and exclusively laid out or expended in the construction of the accommodation, including all preliminary planning, design and associated costs, but excluding the cost of the land.

An amount paid to the principal landlord (which is taxable on the landlord) in acquiring leasehold premises may be written off over the period of the lease, provided the lease is for 12 years or less.

Amounts amortised in respect of goodwill and other intangible assets (excluding software) are not tax deductible.

5.3.8 - Capital Gains

There is no capital gains tax legislation in Gibraltar. Capital gains are therefore not subject to taxation.

5.3.9 - Losses

Under both the previous Tax Act and the Income Tax Act 2010 losses can be carried forward indefinitely to be offset against future profits arising from the same or similar trade, profession or vocation. Any such losses cannot, however, be carried forward if, within a period of three years, there is both a change in ownership of the company and a major change in the nature or conduct of a trade of the company.

There are no provisions for carrying back such losses.

Losses made by former Exempt Companies (whilst holding Exempt Status) do not give rise to usable tax losses.

5.3.10 - Computation of Taxable Profits

	£
Profit per accounts	X
Add: Disallowable expenses included in accounts	X
Less: Non-taxable income	(X)
Less: Capital allowances	(X)
Profit for the year subject to corporate tax	X
Less: Losses brought forward	(X)
Taxable profit	<u>P</u>
Taxation Payable = 10% / 20%* x P	X
Less: Double Taxation Relief	(X)
Net Tax Payable	<u>X</u>

5.3.11 - Dividends Paid to Shareholders

Dividends paid to resident shareholders attract a tax credit equivalent to the tax paid by the company on the profits out of which the dividend was paid. For this purpose, dividends are deemed firstly to be paid out of taxable income before non-taxable income, and within those two groups of income, profits earned at an earlier date are allocated first. There are detailed rules for calculating the amount of non-taxable income and for determining the amount of the tax credit.

At time of writing, a Dividend Return is required to be filed within one month of a dividend being declared to a person ordinarily resident in Gibraltar, or to a Gibraltar incorporated company. At time of writing this deadline is not being enforced, and it is likely that the one month deadline will be extended in the future.

5.3.12 - Loans made to Shareholders

If a loan is made by a company to a shareholder, or to a person connected to a shareholder (in either case, the borrower not being a company) then the amount of the advance will be treated as if it is a dividend if in the opinion of the Commissioner of Income Tax this represents a distribution of income. The amount deemed to be a dividend would be taxed accordingly. This would generally only be applied if the loan was not already taxed as a loan to a director (or connected person) under the provisions in the Income Tax Act relating to benefits-in-kind (see Section 5.9.5)

5.3.13 - Transitional Rules

As from 1 January 2011 all incorporated and unincorporated businesses are assessable to tax on an actual basis. Prior to this, many companies were assessed on a preceding year basis (i.e. for a given tax year, the profits assessed were those for the financial year ending in the prior tax year).

Businesses which were assessed on a preceding year basis up to 31 December 2010 are subject to transitional rules. Under those rules, a company is deemed to have ceased trading on 31 December 2010 and restarted on 1 January 2011.

These businesses will therefore be subject to cessation rules as set out in the previous Income Tax Act, as follows:

Tax Year	Basis of assessment
Last (2010/2011)	Beginning of tax year to date of cessation. <i>(1 July 2010 to 31 December 2010)</i>
Penultimate (2009/2010)	The greater of: (i) the actual income of the penultimate tax year <i>(1 July 2009 to 30 June 2010), or</i> (ii) the actual income of the pre-penultimate tax year <i>(1 July 2008 to 30 June 2009)</i>

Special transitional rules apply for businesses established after 1 July 2007 which qualify for “start-up” relief (see Section 5.3.18). Moreover, companies which commenced to trade after 1 July 2008 (if start-up relief is not applied) and companies which lost Exempt Tax status after 1 July 2007 are generally assessed on an actual basis.

5.3.14 - Double Tax Relief

There are no double tax agreements in force between Gibraltar and any other jurisdiction. However, tax relief is available in respect of foreign income tax paid, deducted from, or liable to be paid on, income which is similarly chargeable to Gibraltar tax, up to the lower of Gibraltar tax or foreign tax on the income. This only applies where the jurisdiction imposing the foreign tax is the same jurisdiction in which the income is generated.

5.3.15 - Group Tax Relief

There is no provision for group relief in Gibraltar.

5.3.16 - Service fees paid to non-residents

There is no automatic requirement to withhold tax on any payment due to a non-resident under an agreement for management or consultancy services or services of a similar nature performed in Gibraltar.

However, if the services are performed in Gibraltar the recipient will be chargeable to tax and the Commissioner may instruct the payer to withhold tax on any future payments.

5.3.17 - Parent-subsidiary Directive and EU Directive on Interest and Royalties

Gibraltar has implemented the EU Parent-Subsidiary Directive and the EU Directive on Interest and Royalties, so that no tax or withholding taxes apply on dividends, royalty and interest payments paid between associated companies

within the EU (minimum shareholding, residency and establishment rules apply).

In the case of dividends, in general, a Gibraltar registered company holding, directly or indirectly, a relevant participation of the voting capital of a company registered in another member state does not pay corporate tax on any income derived from that company. Similarly any dividends paid by a Gibraltar registered company to a company in another member state do not suffer withholding tax. The relevant participation means an interest in the voting share capital equal to at least 10% .

[Note: the company of the member state must be one listed under the Directive. This lists specific types of companies acceptable in each jurisdiction as well as the kind of tax those companies must be subject to in their respective states.]

Apart from legislation arising from these two EU Directives, there is, in any case, no requirement to withhold tax on dividends paid by Gibraltar companies, and no Gibraltar tax on companies' dividend income. Similarly, no tax is payable on non-trading interest income (other than Class 1A - intercompany loan interest - see Section 5.3.21).

5.3.18 - “Start-up” relief

Companies that commenced trading between 1 July 2007 and 31 December 2010 may benefit from “start-up” relief, subject to conditions, under which the 10% tax rate applies prior to 2011. This relief is only available where the business relates to a bona-fide new activity in Gibraltar. It is not available where a person connected to the company previously carried out a similar business in Gibraltar, or where, in the opinion of the Commissioner of Income Tax, the new company or commencement of business is an artificial or fictitious arrangement.

Tax rates applying under “start-up” relief are as follows:

Date business established	Tax Year	Profits taxed	Rate
Between 1 July 07 and 30 June 09	2008/09	1 July 2007 to 30 June 2008	27%
	2009/10	1 July 2008 to 30 June 2009	10%
	2010/11	1 July 2010 to 31 December 2010	10%
On or after 1 July 09	2009/10	1 July 2009 to 30 June 2010	10%
	2010/11	1 July 2010 to 31 December 2010	10%

5.3.19 - Branches

The tax treatment of profits accrued and derived in Gibraltar by branches (or any form of permanent establishment) established by foreign companies in Gibraltar is similar to companies. Similarly, profits accrued and derived by branches or permanent establishments of Gibraltar companies in another jurisdiction are not liable to Gibraltar corporate tax to the extent of the activities so conducted outside Gibraltar.

5.3.20 - Protected Cell Companies

Protected cell companies are taxed as if each cell were a separate company.

5.3.21 - Class 1A - Interest on inter-company loans and advances

Interest from loans or advances by one company to another company are taxable where the interest from the individual company concerned is £100,000 or more per annum. As an anti-avoidance measure, interest received or receivable from different companies will be considered to be from the same company for the purposes of the £100,000 threshold where those companies are “connected persons” as defined elsewhere in the Income Tax Act 2010.

For the purposes of the above, interest will be deemed to be accrued and derived in Gibraltar where the company in receipt of the interest is a Gibraltar-registered company.

This applies from 1 July 2013 onwards.

5.3.22 - Class 3A - Royalties

With effect from 1st January 2014, royalties received or receivable by a company are taxable. If the company in receipt of the royalty is a company registered in Gibraltar, the royalty is deemed to accrue and derive in Gibraltar.

5.4 - Individuals - General

5.4.1 - Overview

Taxpayers may choose between the Gross Income Based (GIB) System or the more traditional Allowance Based System (see Sections 5.5 to 5.7). In addition to income tax, social insurance contributions are payable by employers, employees and self-employed persons (see Section 4.6).

5.4.2 - Ordinary Residence

As from 1 January 2011 an individual who is present in Gibraltar for at least 183 days in a tax year or more than 300 days in total during three consecutive tax years is deemed to be ordinarily resident in Gibraltar. "Present" means being in Gibraltar at any time during a 24 hour period commencing at midnight, whether or not accommodation is used.

An individual who is ordinarily resident is taxable in Gibraltar on his or her worldwide income (subject to double-tax relief and to the exception for rental income which is only taxable if the property is located in Gibraltar). An individual who is not ordinarily resident is only taxable on income from Gibraltar (see Section 5.10 for some further exemptions for non-residents).

5.4.3 - Sole Traders

The self-employed are liable to income tax on their profits, as adjusted for tax purposes in a similar manner as is the case for companies:

- Deductions are allowed against income - as described in Section 5.3.5.
- Certain items are not deductible, or the deductions may be restricted - as described in Section 5.3.6.
- Losses may be carried forward indefinitely against future profits. Losses cannot be carried back.
- There are specific rules which apply to tax years 2009/10 and 2010/11 to transition the basis of assessment from the preceding year basis that generally applied up to 2010, to the actual basis applying from 2011 onwards.
- Capital allowances apply as described in Section 5.3.7.

5.4.4 - Partnerships

Partnerships are treated as transparent entities; individual partners are taxed on their share of the partnership's profits as adjusted for tax purposes. A partner is not liable for the unpaid tax of another partner.

5.5 - Alternative methods of personal taxation

Under the GIB System the taxpayer is entitled to very few allowances and/or reliefs, but generally the tax rates applicable are lower. The majority of taxpayers are taxed under the GIB System, under which the effective (i.e., overall) tax rate is never more than 25%.

Irrespective of the system that is opted for, on final assessment the Tax Office will apply the system most beneficial to the taxpayer.

In general, where a taxpayer opts for the GIB system and the spouse does not, the availability of allowances to the spouse opting for the Allowance Based (AB) System are restricted. In such a case any allowances claimed by the spouse up to 30 June 2007 and now opting for the GIB system may not be 'transferred' to the spouse opting for the AB system.

However, persons opting for the AB system will always be able to benefit from the following allowances/reliefs even if their spouse opts for the GIB system (list not exhaustive):

- Personal (and 'top-up' allowance, if applicable) allowance
- Low income earners allowance
- Special deduction for senior citizens
- In general, any other allowances which was being claimed up to 30 June 2007.

The principal restrictions apply to spouses where one opts for the GIB system and the other for the AB system. In such situations the following applies:

1. Mortgage Interest Relief and Home Purchase Allowance (HPA),
In connection with the purchase of a home after 1 July 2007 in Gibraltar where neither spouse had previously claimed mortgage interest relief or HPA, a maximum of 50%* of:
 - (a) the eligible mortgage interest paid (see Section 5.7.2 on Interest Relief on Loans for the Purchase, Improvement or Development of Property); and
 - (b) Home purchase allowance may be claimed by the spouse that opted for the AB system, subject to an aggregate maximum allowance of 1/7th of the claimant's assessable income.

** the party claiming the allowance must have at least a 50% legal interest in the property.*
2. Life insurance policies taken after 1 July 2007 on the lives of both spouses: In such a case the spouse that has opted for the AB system is not entitled to claim relief on the life insurance premiums.
3. Medical insurance policy covering both spouses:
As above, the spouse that has opted for the AB system cannot claim any allowances.

4. Pension contributions:

The spouse of a person contributing to a pension scheme that opts for the GIB system cannot claim tax relief on contributions.

5.6 - Gross Income Based System - tax rates and deductions

5.6.1 - Tax rates for 2013/2014 (unchanged from 2012/13)

(a) Persons with Gross Income of up to £25,000

Taxable Income Bands	Rate %	Tax on band
First £10,000	6%	£600
£10,001 - £17,000	20%	£1,400
Balance	28%	

(b) Persons with gross income of more than £25,000

Taxable Income Bands	Rate %	Tax on band
First £17,000	16%	2,720
£17,001 - £25,000	19%	1,520
£25,001 - £40,000	25%	3,750
£40,001 - £105,000	28%	18,200
£105,001 - £500,000	25%	98,750
£500,001 - £700,000	18%	36,000
£700,001 - £1m	10%	30,000
Balance	5%	

The effective rate of tax on taxable income of £1m is 19%, with taxable income in excess of this being taxed at 5%. All taxpayers pay an effective (overall) rate of tax of less than 25%.

5.6.2 - Deductions

Approved Expenditure on Premises

Previously available for individuals only under the Allowance Based System (see Section 5.3.5 for details). For 2012/13 onwards this extends to taxpayers under the Gross Income Based System, but the deduction is restricted to a maximum of £5,000.

Purchase of Main Residential Property in Gibraltar

A deduction is available in respect of mortgage interest payments up to a maximum of £1,000 (2012/13 onwards). New for 2013/14 is a deduction for first-time buyers of up to £5,000 in respect of approved expenditure towards the purchase of their home.

Pension Contributions

Introduced for 2013/14 is a deduction of up to £1,000 per annum in respect of contributions to approved pension schemes.

5.7 - Allowance Based (AB) System

5.7.1 - Tax Rates

The below bands and rates are in force for 2013/14 and 2012/13. For both those tax years, all taxpayers under the AB System receive a tax credit amounting to the greater of £300 or 2% of the tax payable based on the below table.

Taxable Income Bands	2013/14		2012/13	
	Rate %	Tax on band	Rate %	Tax on band
On first £4,000 (£0 - £4,000)	15 (reduced rate)	£600	17 (reduced rate)	£680
On next £12,000 (£4,001 - £16,000)	30 (standard rate)	£3,600	30 (standard rate)	£3,600
On remainder (over £16,000)	40		40	

Apportionment of tax bands and allowances

When a person moves to or from Gibraltar and/or takes up or ceases employment in Gibraltar, there are rules applied which result in the apportionment of tax bands and allowances - see Section 5.11.1.

5.7.2 - Principal Allowances and Reliefs

(applicable to the Allowance Based System only)

The following are the principal allowances and reliefs available to individuals for the tax year 2013/14 (from 1st July 2013 to 30th June 2014). They also apply to 2012/13 unless otherwise indicated. These figures are based on the

Budget Measures introduced by the Government in June 2013 and may be affected by subsequent legislation. Appendix 6.3 provides a ten year summary of the principal allowances and reliefs.

Personal Allowances

A single taxpayer is entitled to a personal allowance of £3,000 (2012/13: £2,812), whilst married taxpayers are entitled to a personal allowance of £6,000 (2012/13: £5,444). A taxpayer who proves that he pays alimony to his wife or former wife may opt for the single taxpayer's allowance and, in addition, deduct the alimony actually paid up to a maximum of £3,000 (2012/13: £2,812).

Individuals whose total allowances are less than £3,888 have their personal allowances 'topped up' to that amount (2012/13: £3,700).

Elderly persons (men aged 65 or over and women aged 60 or over) have their allowances 'topped-up' to £11,443 in the case of a person claiming a spouse allowance, or £11,075 in the case of a person not claiming a spouse allowance, irrespective of the level of assessable income (2012/13: in both cases topped up to £10,887). In practice, therefore, the first £11,443 or £11,074 of assessable income earned by elderly persons is tax free.

Other Allowances and Reliefs

Child relief

In respect of the first of any children of the taxpayer (including a stepchild or adopted child) that meets the criteria set out below, the taxpayer is entitled to a deduction of £997. The relief is increased and extended to £1,105 in respect of each child educated outside Gibraltar.

The relief is given in respect of an unmarried child who was:

- under the age of 16 at the commencement of the year of assessment;
or
- receiving full-time education within or outside Gibraltar during the year of assessment.

The child need not be the claimant's own child, but must be maintained during the year by the taxpayer, who must be ordinarily resident in Gibraltar.

If the child's income in his own right, exclusive of any income from a scholarship, bursary or other educational allowance and earnings from employment at an approved educational establishment, exceeds the specified reliefs, no relief is given unless another child of the claimants' meets the criteria. However the income received by a student from a holiday job during school or university vacations is exempt from income tax.

If an individual proves to the satisfaction of the Commissioner that he has paid maintenance for a child under a court order or deed of separation maintenance to a child, he is entitled to claim a deduction from his assessable income of the amount of maintenance so paid up to a maximum of £997.

Disabled person relief

In respect of each disabled unmarried individual, the parent is entitled to relief in the amount of £5,000 (2012/13: £2,724). In order for a parent to qualify for relief, the disabled individual must be suffering from specific bodily or mental disability and be residing with the parent.

Nursery school allowance

An allowance of £3,000 (2012/13 - £2,000) is available to ordinarily resident individuals in respect of each child attending a private registered nursery during the pre-school academic year.

Wife's earned income relief or separate taxation

All the income of a husband together with any non-earned income of his wife is normally taxed jointly in the name of the husband. He can claim the Married Person Allowance (personal allowance plus spouse allowance) of £6,000 (2012/13: £5,444). The wife is treated as a single woman in respect of her earned income which is taxed separately in her name and against which she can claim the Single Persons Allowance of £3,000.

However, provided no part of the husband's income is exempt from tax, the wife may elect for her earned income to also be taxed in the name of her husband. Where such an election is made, the husband will be granted an additional maximum allowance of £3,000 (2012/13: £2,812) (wife's earned income relief), but she will forgo her Single Persons Allowance.

Also, where a husband proves to the satisfaction of the Commissioner that he earns less than his wife then all the allowances, except for the personal allowance of £3,000 (2012/13: £2,812) and the Nursery School Allowance, can be transferred to the wife.

Relief in respect of persons taking charge of children

A relief of £3,000 (2012/13: £2,632) is given to man who is not entitled to a deduction for a spouse, or to a woman in respect of whom no man is entitled to claim such a deduction*, who has the custody of, and maintains during the year of assessment, an unmarried child for whom a deduction in respect of child allowance is available. This only applies if the taxpayer is ordinarily resident In Gibraltar.

**This restriction does not apply if the only deduction for a spouse claimed by a man in respect of the (female) taxpayer in question is in relation to alimony or maintenance following divorce, or in relation to payments under a court order or separation agreement.*

Low income earner's tax credit

Persons on income of less than £10,000 (2012/13 - £9,000) are entitled to an additional allowance so that no tax is payable by such persons. Tapering relief is given to taxpayers whose annual income is between £10,001 and £19,500.

Dependent relative relief

A relief of £190 (£139 for non-residents) is available to a claimant in respect of a relative of the claimant or of his wife who is incapacitated by old age or infirmity from maintaining herself (if the relative is a widowed mother then whether incapacitated or not), whose income from all sources does not exceed £3,000 (2012/13: £2,812) and who is maintained by the claimant at his own expense. The relief is reduced by the excess of the dependent's total income from all sources over a certain amount and is restricted if the dependent is not resident in Gibraltar.

Deduction for blind person

An allowance of £3,000 (2012/13: £627) is available to an individual who proves to the satisfaction of the Commissioner, by producing a certificate signed by a qualified medical practitioner, that he or his wife has effectively lost his or her sight.

Disabled Individuals' Tax Allowance

An additional Earned Income Allowance effectively exempts persons in employment from tax, if they are recipients of Disability Allowance paid by the Department of Social Security.

Deduction for purchase or construction of a house or flat

An individual ordinarily resident in Gibraltar who purchases, or enters into an agreement to purchase, constructs, or is in the process of constructing a house or flat in Gibraltar for his own residential occupation is entitled in any one or more years of assessment to claim a deduction or deductions from his taxable income, or that of his spouse*, or of both in whichever proportion is most beneficial.

**if also taxed under the ABS*

The deduction, which presently amounts to £11,500 plus an additional one-off deduction of £4,000 (the latter cannot exceed £1,000 in any year of assessment), is:

1. Only granted once and is not granted in respect of more than one dwelling at any one time;
2. Only allowed in respect of any payment or payments made towards the purchase or construction of the dwelling; and
3. Cannot in any year of assessment exceed the aggregate amount paid by the individual towards the purchase or construction of the dwelling.

The “aggregate amount” mentioned in 3 includes:-

- a) A deposit;
- b) The repayment of any loan or part of a loan advanced for the purpose of purchasing or constructing the dwelling; and
- c) The interest on such a loan, and is not affected by the fact that such a payment, as in this case, may have been relieved under a different section of the Income Tax Act.

Once the right to the deduction has been established, the taxpayer may choose over how many tax years he wishes to spread the deduction.

There is a provision to claw-back the allowance if the taxpayer relinquishes the legal estate of the dwelling in respect of which the deduction has been granted within 12 months of obtaining it or if he ceased to reside in the dwelling within 12 months of obtaining the legal estate.

The deduction is available, determined as above, for accommodation occupied or being constructed for each child of the taxpayer subject to certain provisos concerning occupation by that child and the stipulation mentioned above concerning disposal within 12 months.

Interest Relief on Loans for the Purchase, Improvement or Development of Property

Interest paid by an individual or his wife who occupies property in Gibraltar for residential purposes on a loan to defray money applied in purchasing or on improving or developing that property is allowable subject to the following restrictions:

- interest on new mortgages granted from 1 July 2008 is restricted to a maximum of the interest on £350,000 (2011/12 - £300,000) of the loan amount;
- interest on pre 1 July 2008 mortgages where the loan exceeds £350,000 (2011/2012 - £300,000) are grandfathered with the amount over the relevant limit being reduced gradually (thought to be by 1/10 per annum, but details still to be confirmed at time of writing).

Interest relief on Loans for the Purchase or Construction of a Parking Bay or Garage

Interest paid by an individual on loans to purchase or construct a garage or parking bay in Gibraltar are allowable against the assessable income of that person, or his wife or of both in whichever proportion is most beneficial.

Approved Expenditure on Premises

This deduction, which is described in Section 5.3.5, also applies to individuals, whether as part of the business of a self-employed person, or in respect of property held for non-business purposes.

Life Insurance Relief

Premiums or contributions (or both) payable during the year of assessment are allowable subject to the following restrictions.

The relief is given in respect of premiums payable by the claimant for an insurance contract on the claimant's or spouse's life, and, in the case of a man, in respect of contributions to a widow's or orphan's pension scheme or to a provident society or fund approved by the Commissioner. However, premiums must not exceed:

- one seventh (pre 1 July 2008 - 1/6th) of the assessable income; or
- 7% of the capital sum assured at death.

In respect of policies purchased on or after 3 June 2008 (or policies whose term, value or premium are increased after that date) the allowance is limited to a tax rate of 17%.

Pension Contributions - Personal Pension Schemes and Retirement Annuity Contracts

Aggregate contributions to such schemes are eligible for tax relief subject to a limit of the lower of 20% of earned income or £35,000. Prior to 1 July 2012, there was a cap on contributions which could be made in order for the scheme to qualify for any such tax relief. For 2012/13 onwards the cap has been removed, though the limit on the tax relief remains as stated above.

In order to allow members of these schemes to top-up unused tax relief, a one year carry back provision has been introduced for contributions made from 1 July 2012 onwards.

Contributions by the employer to approved personal pension schemes are not taxable on the employee as a benefit in kind.

Pension Contributions - Occupational Pension Schemes

Contributions in respect of proprietary directors and shareholders by an employer and employee in total are eligible for tax relief of up to 25% of assessable income.

In respect of other employees, the maximum tax relief available in respect of contributions is the difference between one sixth of the taxpayer's assessable income and any deduction for life assurance premiums already claimed (the deduction for life assurance premiums being restricted to one-seventh of assessable income).

Contributions by the employer are not taxable on the employee as a benefit in kind.

Medical Insurance Allowance

The first £2,000 (2012/13: £1,500) of eligible premiums paid in the tax year by a tax payer to an approved medical insurance scheme providing health insurance for the taxpayer, spouse or dependent children is fully allowable from the taxpayer's assessable income.

5.8 - Exemptions and concessions

Income from Pensions

Income from state pensions are not taxable.

With effect from 1 July 2011, occupational pensions received from an approved pension scheme by persons aged 60 or over (or those compulsorily retired at age 55, for example, policemen, firemen, prison officers and ex-Royal Gibraltar Regiment) who are in employment will not be taken into account in establishing tax due on their earned income. In addition all such pensions are taxed at 0%. There is no requirement to buy an annuity from the capital value of a pension fund and pensioners may withdraw the whole of the capital tax-free on reaching retirement age.

Pensions received from an approved pension scheme imported from another jurisdiction ("QROPS") are taxed at the rate of 2.5% insofar as it forms part of a person's taxable income.

Savings Income

Income of a passive nature is not liable to tax - this includes bank interest and dividends and interest from securities quoted on a recognised stock exchange.

Gibraltar Government Debentures

Income from investments in various Government of Gibraltar debentures are tax exempt.

Rental Income from Property outside Gibraltar

Income from the rental of property located outside Gibraltar is not taxable in Gibraltar.

Other exemptions

- Compensation for unfair dismissal and redundancy payments approved as non-taxable by the Commissioner of Income Tax;
- Income received by a student from employment during holidays;
- Medical insurance premiums paid by an employer to an approved scheme on behalf of an employee up to £2,000 (2012/13: £1,500).

Gift Aid

Where donations are made under this scheme the Government pays the charity in question the equivalent of the tax suffered by the donor on the amount of the gift grossed up at the standard rate applicable to the donor. The limit on gifts under the scheme is £5,000 p.a. (2012/13: £1,000).

5.9 - Benefits-in-kind

5.9.1 - Scope

Schedule 7 of the Act describes the tax treatment of specific taxable benefits provided to employees and/or their families including:-

- Cash and non-cash vouchers
- Credit tokens
- Living accommodation
- Cars, vans and related benefits
- Employment-related loans
- Expense payments

In addition the Act includes a “catch-all” provision for benefits not specifically covered under the legislation. Employment related benefits received by prospective or former employees are included by the legislation.

5.9.2 - Tax Payable

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

Employers may apply for a dispensation from the Commissioner of Income Tax, and as part of this opt to pay the tax on benefits on behalf of the employee. If an employer is paying the tax under a dispensation the benefits received by an employee between £250 and £15,000 in the year of assessment are taxed at the rate of 20%. If the benefits exceed £15,000 then tax is payable at the rate of 29%.

5.9.3 - Living Accommodation

Living accommodation provided to an employee or a member of their family or household is a taxable benefit. However, the benefit is exempt in the following circumstances:

- a) The employer is an individual and he/she is providing accommodation in the normal course of a domestic family or personal relationship;
- b) The accommodation is necessary for the proper performance of the employee’s duties,
- c) The accommodation is provided for the better performance of the duties of employment and the accommodation is customary for that type of employment, or

d) The accommodation has been provided by an employer to an employee who has relocated in order to take up that employment, and:

- The relocation is from a residence that was not within a reasonable commuting distance of work to one that is within a reasonable commuting distance; and
- The change in residence arose from either employment, a change in duties of employment, or alteration of the normal place of employment duties.

In this case, the exemption applies for seven years from the date of relocation.

5.9.4 - Cars and Vans

Cars and vans provided to an employee by an employer or any member of their family or household is a taxable benefit if made available for their private use. The cash benefit is calculated as 25% per annum of the cost of the vehicle to the employer. After four years there is no remaining benefit. There are separate rules relating to the provision of fuel by employers. Tax is payable on the cash benefit.

Where a car is shared between employees for their private use, then the taxable benefit on each employee is apportioned on a “just and reasonable basis”.

There is an exemption for “pooled cars”; these are cars:

- Available to and actually used by more than one employee by reason of their employment;
- Not ordinarily used by one employee to the exclusion of others;
- Whose private use is merely incidental to the employee’s other use of the car;
- Not normally kept overnight in the vicinity of the home of one of the employees (unless the vehicle is kept on premises occupied by the employer).

Motorcycles and scooters provided for employees are specifically excluded from being a benefit in kind.

5.9.5 - Cheap Loans and Loans to Directors

If a loan is made by an employer to an employee or a relative of an employee, this is treated as a cheap loan if there is no interest payable, or if the interest payable is below that which would be charged on the open market by a bank or

building society. The tax benefit is the difference between any interest payable by the employee and the interest that would be payable at the market rate.

“Employer” as stated above extends to various parties connected to the employer, for example, a company controlled by the employer, or a person with a material interest in the employer.

No taxable benefit arises on advances to cover necessary expenses, where the amount on all such advances in the year never exceeds £1,000, the advance is spent within six months and the employee accounts for the expenditure to the employer at regular intervals.

If an employee-related loan is written off or released it is treated as earnings.

There are specific provisions relating to loans to directors. If an advance is made to a director or shadow director (or any connected person) then - irrespective of whether any interest is charged or not - the amount of the loan is treated as earnings as soon as it is made. There is no mechanism in the legislation to recognise the subsequent repayment of a loan as a reduction in income. There is provision elsewhere in the Income Tax Act to treat loans to shareholders as if they were dividends (see Section 5.3.12) in the event that such loans are not already taxed as a benefit in kind.

5.9.6 - Relocation Expenses

There are a range of expenses connected with relocation that are specifically excluded from being treated as a benefit in kind, for example, expenses in connection with the purchase or disposal of property, costs of transporting belongings, travelling and subsistence.

In order to qualify for such an exclusion the following conditions must be met:

- the expenses must be in respect of an employee who has relocated in order to take up their employment;
- the relocation must be from a residence that was not within a reasonable commuting distance of work to one that is within a reasonable commuting distance;
- the change in residence arose from either employment, a change in duties of employment, or alteration of the normal place of employment duties.

5.10 - Non-Residents

See section 5.4.2 for the definition of ordinary residence for an individual for tax purposes.

5.10.1 - Non-Residents - General

Non-residents are liable to tax on income accruing in or derived from Gibraltar, although there are a number of exemptions as described in 5.10.2 to 5.10.5 below.

Due to the apportionment of tax bands and allowances according to that part of the tax year that an individual is resident, the Gross Income Basis System does not apply to non-resident persons. In such cases, the standard rate of tax of 30% is applied on taxable income of up to £16,000 and 40% on taxable income in excess of that.

5.10.2 - Income from Occasional Presence in Gibraltar

Individuals who are not ordinarily resident in Gibraltar and who are present in Gibraltar for less than 30 days in a tax year are not taxable on:

- Fees in respect of the office of director of a company;
- Emoluments from employment where the duties of the employment, other than duties ancillary to the employment, are performed exclusively outside Gibraltar (subject to anti-avoidance rules on dual employment contracts);
- Remuneration from a trade, profession, business or vocation where the trade or service, other than activities ancillary to that trade, profession, business or vocation, are performed or provided exclusively outside Gibraltar (subject to some restrictions).

5.10.3 - Ownership, Chartering or Operation of Ships and Aircraft

Gains or profits derived by a non-resident individual (or company) from the carriage of passengers or cargo to or from Gibraltar in any ship or aircraft owned, chartered or operated by him or her is not taxable.

5.10.4 - Investment Income from Gibraltar

Dividends from a Gibraltar company and interest from banks, building societies and other financial services institutions received by a person who is not ordinarily resident are not taxable in Gibraltar.

5.10.5 - Permitted Individuals (pre 2011)

Permitted individuals were non-resident persons who carried on, exercised or undertook in Gibraltar any trade, business, vocation or employment. They were liable to taxation on their Gibraltar income only. Permitted individuals legislation came to an end on 31 December 2010. Thereafter the new definition of ordinary residence applies (see section 5.4.2.).

5.11 - Expatriates

5.11.1 - Apportionment of Tax Bands and Tax Allowances

When a person obtains employment in Gibraltar the basic rule is:

- (i) If he or she is ordinarily resident in Gibraltar the personal allowances will be apportioned, but the tax bands will not.
- (ii) If he or she is not ordinarily resident in Gibraltar both the allowances and the tax bands will be apportioned.

When allowances are apportioned the individual is given 1/12th of the annual allowance for each month, or part of a month, that he or she is resident in Gibraltar.

When tax bands are apportioned the individual is given 1/12th of the annual tax band for each month, or part of a month, that he or she is working in Gibraltar.

5.11.2 - Relocated employees - exemptions from benefits in kind

There are generous tax breaks available in respect of the provision of accommodation and payment of relocation expenses by employers, as described in section 5.9.3.

5.11.3 - Category 2 (“High Net Worth”) Individuals

Under the Qualifying (Category 2) Individuals Rules 2004 an individual may apply to the Finance Centre Director for a Category 2 Individual certificate. Such a certificate can only be granted to applicants who fulfill the following conditions:

1. Have available for their exclusive use, and that of their families, approved residential accommodation in Gibraltar;
2. Have not been resident in Gibraltar for the previous 5 years;

3. Have not been engaged for the previous 5 years, and will not be engaged in the future whilst a Category 2 Individual in a trade, business or employment in Gibraltar (other than, in general, duties which are incidental to any trade, business or employment based outside Gibraltar, or providing consultancy services from Gibraltar in certain circumstances - see below);

As a general principle, a Category 2 Individual may be a shareholder and/or director of a Gibraltar company, subject to the company trading and doing business *outside* Gibraltar.

The Category 2 Individual may, however, be a shareholder of a company carrying out licensable activities in Gibraltar, companies carrying out business in Gibraltar which are not in competition with other businesses in Gibraltar or companies which, directly or indirectly invest in properties situated in Gibraltar (although in the case of the latter any rental income would be taxed separately and not be covered by the certificate). A Category 2 Individual may also provide consultancy services from Gibraltar to companies trading outside Gibraltar where the Individual has a significant shareholding. In all other cases, any consultancy or employment work must be physically and exclusively carried out outside Gibraltar.

4. Must submit two character references from recognised and established professionals (a bank plus a law or accountancy firm), a copy of passport, a curriculum vitae and proof of financial standing (in practice this should be in excess of £2 million).
5. Pay an application fee of £1,000; and
6. Have received a certificate from the Finance Centre Director confirming their status.

An individual who has obtained a Category 2 Individual certificate is assessable to income tax on the first £80,000 of income only. The Income Tax Office applies the Allowance Based System to Category 2 Individuals, therefore the maximum tax payable in a full year is approximately £30,000. The minimum tax payable under the scheme is £22,000, which is pro-rated if the certificate was obtained or expired partway during the tax year. In certain circumstances the income of the spouse and children will be deemed to be

that of the certificate holder so that no additional tax will be payable on that income.

Finally, there are tax advantages for individuals with Category 2 status in connection with Trusts (see section 5.12 below).

5.11.4 - High Executive Possessing Specialist Skills - HEPSS

The tax payable by a HEPSS is limited to the first £120,000 of earned income (maximum tax payable of £29,940). The Gross Income Based System is applied to HEPSS Individuals.

The individual must possess skills or experience which are not available in Gibraltar and assessed as necessary to promote and sustain economic activity of particular economic value to Gibraltar.

The person must also occupy a high executive or senior management position, earn more than £100,000 per annum and have approved residential accommodation available for their exclusive use, and their families, in Gibraltar. Moreover the person may not have been resident or employed in Gibraltar during the three years prior to the year in which the application is made (the FCD may, however, waive this requirement). There is a non-refundable fee of £1,000 for the issue, or renewal, of the certificate.

5.12 - Trusts

For general information on Trusts see section 2.4.

As from 1 January 2011 a trust is tax resident in Gibraltar if one or more of the beneficiaries is ordinarily resident in Gibraltar or the class of beneficiaries may include an ordinarily resident person or the issue of an ordinarily resident person. The residency status of the trustees or settlor is, in itself, not relevant.

An individual who has Category 2 status or the spouse or child of such an individual (provided the individual has elected to include them under the Category 2 Rules) is not deemed to be tax resident in Gibraltar for the purposes of determining the taxation of a trust or of the beneficiaries.

A trust which is not tax resident in Gibraltar is taxable only on income which accrues in or is derived from Gibraltar. By contrast, a trust which is ordinarily resident in Gibraltar is taxable on its worldwide income. As for individuals, non-trading interest income, dividends from listed companies, non-Gibraltar property based rental income and capital gains are not taxable in Gibraltar.

The capital of the trust is not liable to tax since Gibraltar has no wealth or gift taxes, estate duty or other capital taxes.

Trusts of a public nature are completely exempt from income tax provided that the profits from any trade or business are only used for the purposes of the trust, and either this business is in the cause of carrying out a primary purpose of the trust, or the work is mainly carried out by the beneficiaries of the trust.

Trusts are taxed at the rate of 30% on any taxable income.

See section 5.2.4 for filing requirements and tax payment deadlines.

5.13 - Indirect Taxes

5.13.1 - Value Added Tax

There is no value added tax in Gibraltar.

5.13.2 - Import Duties and Excise Duties

Import duties are levied on goods imported into Gibraltar mostly at rates between 0% and 12%. A notable exception applies to motor vehicles. Excise duties are levied mainly on spirits, wines, tobacco and mineral oils.

The following table summarises the current position on a range of goods.

Product	Duty Payable	
	Private imports	Dealer imports
Petrol/diesel Motor vehicles		
Engine not exceeding 1500cc	25%	15%
More than 1500cc but not exceeding 2000cc	30%	18%
Over 2000cc	35%	22%
Hybrid cars		
Engine not exceeding 1500cc	12.5%	2%
More than 1500c but not exceeding 2000cc	15%	2%
Over 2000cc	17%	2%
<i>In addition there is a £500 cash back given to the purchaser of a hybrid vehicle on registration in Gibraltar</i>		
Electric cars and pedal cycles	zero	zero
Motor cycles		
Four stroke engine		
Under 50cc	12%	6%

Product	Duty Payable	
	Private imports	Dealer imports
50cc and over	30%	15%
Two-stroke engine	30%	30%
Petrol	£0.25p per litre	
Diesel	£0.22p per litre	
Biofuels	zero	
Marine fuel	zero	
Cigarettes	£11.00 per carton (200 cigarettes)	
Rolling Tobacco	£33.00 per kilo	
Bulk exports of tobacco	5%	
Whisky and spirits	80p per litre	
Printed matter for educational purposes, newspapers, journals and periodicals	zero	
Stationery made predominantly from recycled materials	zero	
Other printed matter	12%	
Recycled or approved environmentally friendly or eco-paper	zero	
Gold bullion	6%	
Perfumes, beauty and make-up preparations, clothing, footwear & watches	3%	
Jewellery	4.5%	
Sunglasses & mobile phones	3%	
Loose gemstones	zero	
Building materials	12%	
Photographic equipment , televisions, hi-fi & other electronic or electrical audio or visual equipment, DVD's & CD's	zero	
Portable computers (laptops, tablet PC's & memory cards) & software	zero	
Other computer equipment	6%	
Foodstuffs and medical supplies	zero	
Seagoing vessels over 18m in length	zero	
Other seagoing vessels	6%	

5.13.3 - Stamp Duty

The Stamp Duties Act 2005, which came into force on 12 January 2006, revoked and replaced the Stamp Duties Act 1932. Stamp duty is now payable only on instruments relating to real estate property in Gibraltar and on capital transactions. The following are the principal rates:

- On share capital (on initial authorised share capital and increases thereof) - flat rate of £10
- On loan capital (on each issue, e.g. debenture stock) - flat rate of £10

On conveyance or transfer of real estate property as follows:

- purchases of up to £200,000 (and new for 2013/14 for 1st and 2nd time buyers, up to £250,000) - nil
- between £200,001 & £350,000 - 2% on first £250,000 and 5.5% on balance
- over £ 350,000 - 3% on first £350,000 and 3.5% on balance

Stamp duty on mortgages as follows:

- mortgages not exceeding £200,000 - 0.13%
- mortgages over £200,000 - 0.2%

5.13.4 - Rates

Rates are levied on business and residential properties in Gibraltar. There are discounts for the early payment of business rates, generally from 10% to 20%. New starts-ups benefit from a 50% discount in their first year of trading and (as from 1 July 2013) 25% for the 2nd year. There are additional discounts for bars, restaurants and casinos in connection with their co-operation with the smoking ban in such establishments.

5.13.5 - Gaming Tax

Gaming tax is levied at 1% of turnover (see section 3.4 for further details).

5.14 - Other Taxes

There is no estate duty, capital gains tax, inheritance tax, wealth, gift or other capital tax. Estate Duty was abolished in respect of the estate of any person who died on or after 1st April 1997.

5.15 - Withholding Taxes

Dividends

With effect from 1 July 2005 there is no withholding tax on dividends paid by Gibraltar companies.

Interest

As from 1 January 2011 there is no withholding tax on interest.

Up to 31 December 2010 interest payments were generally subject to a withholding tax levied at the standard rate of the recipient (company 22% and individual 30%) unless the lender was (principally) a local bank or the situs of the loan on which the interest was paid was outside Gibraltar.

The situs of a loan is determined on the balance of the following criteria:

- a) place of residence of the debtor;
- b) place where the interest is paid;
- c) location of the security (if any); and
- d) source from which the interest is paid.

Royalties

There is no withholding tax on royalties.

5.16 - Construction Sub-Contractors

At time of writing the Income Tax (Construction Sub-Contractors) Regulations are still in the process of being revised in line with the stricter requirements of the new tax regime. The comments below describe the current regulations and not the (as yet unpublished) new regulations.

Companies operating as sub-contractors in any construction operation are subject to the Income Tax (Construction Sub-Contractors) Regulations. Under these Regulations the main contractor is obliged to deduct, and pay over to the Income Tax Office, 25% from any payment made to the sub-contractor that does not represent the direct cost of materials.

This deduction is not required if the Sub-Contractor holds a valid exemption certificate issued by the Income Tax Office. Sub-Contractors need to apply to the Income Tax Office for the exemption certificates and must meet the requirements prescribed prior to these being issued.

A contractor who fails to make the appropriate deductions from payments to any Sub-Contractors who does not hold a valid exemption certificate commits an offence under the Regulations and may be subject to penalties.

5.17 - Penalties

The Income Tax Act 2010 incorporates an extensive range of penalties and surcharges.

Under the previous Income Tax Act surcharges were only applied by the Commissioner of Income Tax on amounts remaining unpaid after the due date. Under the present Act, surcharges also apply to the non-payment or late payment of any amounts which should have been paid by a due date under self-assessment.

The Commissioner has the power, in his absolute discretion, to waive, reduce or discharge any penalty (as opposed to surcharge) incurred if he is satisfied that the act or failure to act which incurred the penalty was purely inadvertent. Circumstances in which penalties and surcharges apply include the following:

Late Payment of Tax

Late payment of tax will result in a surcharge of 10% of the tax payable on the day immediately after it is due. After 90 days there is a further surcharge of 20% of the amount unpaid (tax plus initial surcharge). Thereafter, there is a 10% annual surcharge on the amount unpaid, compounded daily.

Late or Incomplete Returns

If a company does not make a full and complete return of income and, if applicable, of its liability to tax within six months of the end of its accounting period then it is liable to a penalty of £50. If the failure continues for three months then there is a further penalty of £300. If the failure continues for more than ten months then a further penalty of up to 150% of the estimated tax liability will arise.

Incorrect Returns or Information

If a person fraudulently, recklessly or negligently delivers an incorrect return or incorrect accounts, information, statement or declaration in connection with the ascertainment of the taxation to which he is liable then he will be liable to a penalty of up to 150% of the difference between the amount of tax due and that which he has declared. In arriving at the penalty percentage

to be applied the Commissioner will take into account the amount of tax lost, the gravity of the offence (innocent error, negligence, recklessness or deliberate omission) and the degree of co-operation afforded by the taxpayer during the investigation.

Tax Evasion

If a person is knowingly concerned in the fraudulent evasion of income tax by himself or another person he commits an offence. If found guilty of such an offence he will be liable on summary conviction to imprisonment for up to six months or a fine, or both and on conviction on indictment to imprisonment for up to seven years or a fine, or both. He may request the Commissioner of Income Tax to issue a Compounding Order before the Court Hearing, provided he or she admits in writing that he committed the offence, settles the amount due (including penalties, surcharges and interest) and consents that full details of the Compounding Order shall be published in the Gibraltar Gazette.

Non-payment of PAYE or Social Insurance

If a company fails to pay to the Commissioner by the due date any PAYE or Social Insurance which has been or should have been withheld or collected, then any director or shadow director of that company is committing an offence and subject to the same penalties as persons who are knowingly concerned in evasion of income tax (see above). However, there is no requirement that the Compounding Order be published in the Gibraltar Gazette unless tax evasion is involved.

If a person fails to pay PAYE or Social Insurance which he has deducted or should have deducted and if the amount payable has been outstanding for three months or more and amounts to more than £5,000 then the Commissioner can publish details of the offence and of the offender in the Gibraltar Gazette. However, he must first provide 14 days written notice to the offender of his intention to 'name and shame'.

Failure to Report Notifiable Arrangements

A person who fails to notify the Commissioner of reportable tax planning arrangements (as defined in Section 41 of the Act) will be liable to a fine of £100 on the day the failure occurs and a continuing daily penalty of up to £200 per day while the failure continues. (See section 5.18)

Information Requests

A person who does not comply with a request for information (in connection with his tax affairs or those of other persons) by the Commissioner of Income Tax by the due date will be liable to a fine of £200 on the day the failure occurs

and a continuing daily penalty of up to £500 per day. If the failure continues for more than three months the person may be liable to imprisonment for up to five years as well as a fine equivalent to the amount of any tax evaded.

5.18 - Anti-avoidance

General Anti-avoidance Provision

Section 40 of the Income Tax Act 2010 empowers the Commissioner of Income Tax to disregard 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.

Notifiable Arrangements and Proposals

Section 41 of the Act includes a requirement for promoters of a scheme to disclose to the Commissioner any “notifiable arrangement” or “notifiable proposal”.

The Act defines a notifiable arrangement as being any arrangement or arrangements which:

- enable, or may be expected to enable a person to obtain an advantage in relation to any tax under the Act, or
- are such that the main benefit, or one of the main benefits, expected from the arrangement is to obtain a tax advantage.

A notifiable proposal is defined as being any proposal which, if entered into, would be a notifiable arrangement.

Guidance Notes produced by the Income Tax Office state that “For the purposes of the Act a notifiable arrangement will not include advice provided in respect of specific allowances, deductions and/or exemptions.”

A “promoter” is either a bank, a person providing taxation services, or a person involved in the provision of financial products which are capable of reducing tax, who is to any extent responsible for:

- The design of a notifiable arrangement or proposal;
- Making such an arrangement or proposal available for implementation by others, or
- Organising or managing the implementation of an arrangement or intended implementation of a proposal.

Disclosure of a notifiable arrangement or proposal must be made within 30 days from the earlier of:

- The date on which the promoter makes the proposal available for implementation by any other person, or
- The date on which the promoter first becomes aware of any transaction forming part of the arrangements.

The taxpayer is responsible for disclosure of the arrangement or proposal to the Commissioner when the promoter is not resident in Gibraltar, or when there is no promoter.

There are detailed procedures for seeking clearance in advance of any notifiable arrangements, setting out a timetable for the Commissioner to either:

- request further information;
- notify the applicant that anti-avoidance provisions either will or will not apply to the arrangement;
- notify the applicant that he needs a further 21 days to make a decision.

Where such an application is made, the Commissioner may publish a description of the arrangement and his decision in such a way that the taxpayer concerned will remain anonymous.

Thin Capitalisation Rules

These apply to interest payable by a company to individuals or trusts who are connected parties, and to interest payable by a company where the loan is secured on assets belonging to individuals or trusts who are connected parties. Interest paid by the company will be treated as a dividend, and not as a deductible expense, if the loan capital to equity ratio of the company is greater than 5 to 1. This does not apply to credit institutions or deposit takers licensed under the Banking Act.

Transactions with Connected Persons

In certain circumstances the deduction in respect of expenses incurred in favour of a connected party or connected parties may be restricted by the Commissioner to the lower of:

- The amount of the expense;
- 5% of turnover; or
- 75% of profit before taking into account the expense in question.

Interest paid to a connected party in excess of the amount that would have been charged on an arms-length basis is deemed to be a dividend, and not a deductible expense.

Back-to-back Loans

Where:

- interest is paid on a loan,
- the loan is secured by a cash deposit made with the lender (or party connected to the lender) or secured by certain investments, and
- the income from the cash deposit or investment is not assessable to tax;

the interest expense is not a deductible expense.

Dual employment Contracts

Where an employee of a Gibraltar-ordinarily resident employer has contracts with that employer, or with a connected party to that employer, then the employee's Income from all of those employers is taxable in Gibraltar. (Note the exemption for occasional presence in Gibraltar (Section 5.10.2) and double tax relief (Section 5.3.14).

Transfer of Assets Abroad

There are rules to prevent the avoidance of tax by transferring assets abroad.

NOTES

6 - Appendices

App. 6.1 - Social Insurance Contributions

Category	Payable By:	2002 to 2004	2005 to 2006	2007 to 2013
		£	£	
Men aged:				Note: With effect from 1 April 2007 contributions are earnings related subject to a predetermined minimum and maximum (see section 4.6)
Between 18 & 64*	Insured	18.87	20.75	
Between 18 & 59**	Employer	23.82	26.20	
Women aged between 18 & 59				
Persons aged from 15 to 17	Insured	17.29	19.02	
	Employer	22.25	24.48	
Married women & widows who elected not to pay Social Insurance	Insured	10.33	10.81	
	Employer	23.82	26.20	
Men aged: 65 and over*	Insured	10.33	-	
60 and over**	Employer	23.82	26.20	
Women aged 60 and over	Insured	10.33	-	
	Employer	23.82	26.20	
Self Employed	Insured	21.80	23.98	

* up to 2 July 2006; ** With effect from 3 July 2006

App. 6.2 - Income Tax Bandings & Rates

A. Allowance Based System:

Rate of Tax in Bands	Amount of Taxable Income in Bands					
	2003/04 to 2005/06	2006/07	2007/08 to 2011/12*	2012/13*	2013/14	
	£	£	£	£	£	£
15% (reduced rate)	-	-	-	4,000	4,000	4,000
17% (reduced rate)	4,000	4,000	4,000	-	-	-
24%	-	-	-	-	12,000	12,000
30% (standard rate)	6,000	9,000	12,000	12,000	-	-
35%	5,000	-	-	-	-	-
40%	-	-	Balance	Balance	Balance	Balance
42%	-	Balance	-	-	-	-
45%	Balance	-	-	-	-	-

*For 2011/12 onwards, all taxpayers under the Allowance Based System receive a tax credit amounting to the greater of £300 or 2% of the tax payable based on the above table.

B. Gross Income Based System (introduced in 2008/09)

Note: 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 (see section 5.5 and refer to Government web site – www.gibraltarr.gov.gi).

2008/2009	Rate	Tax on band
Taxable Income Bands	Rate	Tax on band
£0 - £25,000	20%	£5,000
£25,001 - £100,000	30%	£22,500
Over - £100,000	38%	-

Note: There are very few allowances under the Gross Income Based System.

B. Gross Income Based System (continued)

2009/2010

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

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

(b) Persons on Gross Income between £16,001 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%	.

B. Gross Income Based System (continued)

2010/2011

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

Taxable Income Bands	Rate	Tax on band
£0 - £10,000	8%	£800
£10,001 - £16,000	20%	£1,200

(b) Persons on Gross Income between £16,001 and £25,000

Gross Income Between	On First	Rate	Balance at 20%	Tax Payable
£16,001 - £17,000	£6,000	0%	£10,001 - £11,000	£2,000 - £2,200
£17,001 - £18,000	£5,000	0%	£12,001 - £13,000	£2,400 - £2,600
£18,001 - £19,000	£4,000	0%	£14,001 - £15,000	£2,800 - £3,000
£19,001 - £20,000	£3,000	0%	£16,001 - £17,000	£3,200 - £3,400
£20,001 - £25,000	£2,000	0%	£18,001 - £23,000	£3,600 - £4,600

(c) Persons on Gross Income between £25,001 and £35,000

Rate of 20% applies less tapering relief* on gross income between £25,001 and £26,000.

*tapering relief (on gross income of £25,000 there is a tax free amount of £2,000 which reduces by £2 for every £1 increase in gross income.)

B. Gross Income Based System *(continued)*

2010/2011 *(continued)*

(d) Persons on Gross Income between £35,001 and £100,000

The effective (average) tax rate is reduced by 0.5% from 2009/10 using a formula which gives a maximum effective tax rate of 26.25% on gross income of £100,000.

The tax liability is arrived at by (a) calculating the effective tax rate using the 2009/10 tax bands (see below) and (b) then reducing this by 0.5% and (c) applying the resulting rate to taxable income (gross income less tapering relief*).

**Tapering relief (on gross income of £35,001 there is a tax free amount of £3,284 which reduces by £2 for every £1 increase in gross income).*

2009/2010 tax bands	Rate
£0 - £25,000	20%
£25,001 - £100,000	29%

(e) Persons on Gross Income between £100,001 and £353,000

Rate of 20% on first £25,000 of gross income with the balance taxed at 29%.

Tapering relief applies (on gross income of £100,001 there is a tax-free amount of £1,722 which reduces by £2 for every £1 increase in gross income).

(f) Persons on Gross Income over £353,000

Gross income is taxed as follows:-

	Rate
First £25,000	20%
£25,001 -£353,000	29%
£353,001 - £704,800	20%
£704,801 -£1,000,000	10%
Excess over £1,000,000	5%

Therefore, the effective rate of tax on £1 million income is 20% with any excess at 5%.

2011/2012, 2012/2013 and 2013/2014

See Section 5.6.1 (the bands and tax rates are the same for all three tax years).

App. 6.3 - Principal Tax Allowances & Reliefs (Allowance based system only)

	2003/04	2004/05	2005/06	2006/07 2007/08
	£	£	£	£
Personal allowances				
Personal	2,430	2,505	2,580	2,660
Spouse	2,275	2,345	2,415	2,490
Minimum personal allowance				
('top-up' allowance)	-	-	-	3,500
Elderly persons				
Additional Single Person	585	605	-	-
Additional Wife	830	855	-	-
Special senior* citizens				
(top-up allowance)	-	-	10,000	10,300
<i>*Men aged 65 and over & women aged 60 and over</i>				
Child relief				
First child educated in Gibraltar	850	880	910	940
First child educated abroad	955	985	-	-
Each additional child	795	820	-	-
Each child educated abroad	-	-	1,015	1,045
Disabled person relief				
Disabled person	1,425	1,470	2,500	2,575
House purchase allowance				
Deduction	11,500	11,500	11,500	11,500
Additional (£1,000 max p.a)	4,000	4,000	4,000	4,000
Social insurance allowance				
Employee	335	335	335	335
Self-employed	432	432	432	432
Other reliefs & allowances				
Nursery school allowance	875	905	935	965
Blind person	530	550	570	590
Single parent	2,275	2,345	2,415	2,490
Medical insurance allowance	515	1,000	1,030	1,060

2008/09	2009/10	2010/11			2013/14
		2011/12	2012/13		
£	£	£	£	£	
2,660	2,735	2,812	2,812	3,000	
2,490	2,560	2,632	2,632	3,000	
3,500	3,600	3,700	3,700	3,888	
.	
.	
10,300	10,590	10,887	10,887	11,443/11,075	(See section 5.7.2)
940	970	997	997	977	
.	
.	
1,045	1,075	1,105	1,105	1,105	
2,575	2,650	2,724	2,724	5,000	
11,500	11,500	11,500	11,500	11,500	
4,000	4,000	4,000	4,000	4,000	
335	335	335	335	355	
432	432	432	432	432	
965	995	1,023	2,000	3,000	
590	610	627	627	3,000	
2,490	2,560	2,632	2,632	3,000	
1,060	1,090	1,120	1,500	2,000	

App. 6.4 - General Index of Retail Prices

General index of retail prices at:		1 Jan 10	1 July 10	1 Jan 11	1 July 11	1 Jan 12	1 July 12	1 Jan 13	1 July 13
Component Groups									
Foodstuffs		150.11	153.69	154.65	162.36	164.65	169.42	168.69	172.64
Alcoholic drinks & tobacco		154.36	162.01	171.17	188.83	187.67	190.20	193.71	199.60
Clothing & footwear		90.27	96.99	98.41	102.58	97.56	104.53	100.61	105.11
Durable household goods		114.94	114.93	113.28	113.03	113.46	115.05	114.21	115.85
Housing		107.31	109.60	109.93	110.87	112.11	112.51	113.33	113.57
Services		142.39	143.17	144.08	144.27	146.54	146.69	149.40	149.40
Other Goods		128.80	129.21	130.20	132.86	133.76	133.70	135.51	136.55
Transport & vehicles		132.71	143.46	139.20	148.31	144.32	149.46	147.64	155.86
Weighted average		128.41	133.00	132.91	138.10	137.87	141.07	140.74	144.27
Increase/(decrease)									
over the 6 months (%)		(0.58%)	3.58%	(0.07%)	3.91%	(0.16%)	2.33%	(0.23%)	2.5%
Increase over the year (%)		3.40%	3.00%	3.50%	3.80%	3.70%	2.20%	2.1%	2.3%

**6.5 Institutions Licensed under the Financial Services
(Banking) Act to carry on Deposit-Taking Business in
or from within Gibraltar**

Bank J Safra Sarasin (Gibraltar) Limited

Barclays Bank PLC (Trading as Barclays Wealth)

Credit Suisse (Gibraltar) Limited

IDT Financial Services Limited

Jyske Bank (Gibraltar) Limited

Leeds Building Society

Lloyds Bank (Gibraltar) Limited

Lloyds Bank plc

Lombard Odier & Cie (Gibraltar) Limited

Newcastle Building Society

SG Hambros Bank (Gibraltar) Limited

The Royal Bank of Scotland International Limited (trading as Natwest and RBS International)

Turicum Private Bank Limited Yorkshire Building Society

Yorkshire Building Society

**App. 6.6 - Useful
Addresses and Contact
Details**

Government of Gibraltar

Chief Minister's Office
6 Convent Place
Tel: 20070071
Fax: 20079901

**Finance Centre
Licensing Unit**
Suite 761A Europort
Tel: 20051163
Fax: 20076599

**Gibraltar Finance Centre
Ministry of Finance**
Suite 761, Europort
Tel: 20050011
Fax: 20051818
E: info@financecentre.gov.gi

Financial Secretary
No. 6 Convent Place
Tel: 20051168
Fax: 20079901
E: financialsec@gibtelecom.net

**Financial Services
Commission**
PO Box 940
Suite 3, Ground Floor
Atlantic Suites, Europort
Avenue
Tel: 20040283
Fax: 20040282
E: info@fsc.gi

**Gibraltar Regulatory
Authority**
Suite 603, Europort
Tel: 20074636
Fax: 20072166
Email: info@gra.com

**Auditors Public
Oversight Board**
Financial Services Commission
Suite 3, Ground Floor
Atlantic Suites, Europort
Avenue

Tel: 20041062
Fax: 20040282
Email: arb@fsc.gi

Accountant General's Office
206-210 Main Street
Tel: 20048396
Fax: 20077147
Email: treasury@gibtelecom.net

Principal Auditor's office
Gibraltar Audit Office
Treasury Building
23 John Mackintosh Square
Tel: 20051137
Fax: 20051136
E-mail: gao@audit.gov.gi

**Attorney General's
Chambers**
Joshua Hassan House
Secretary's Lane
Tel: 20078882
Fax: 20079891
Email: info.agchambers@gibraltar.gov.gi

Judiciary
The Law Courts
277 Main Street
Tel: 20078808
Fax: 20077118

Statistics Office
99 Harbours Walk
New Harbours
Rosia Road
Tel: 20075515/20075490
Fax: 20051160
E-mail: statistics@gibraltar.gov.gi

Income Tax Office
St Jago's Stone Block
331 Main Street
Tel: 20075260
Fax: 20040020
Email: incometax@gibraltar.gov.gi

**Department of Social
Security**
14 Governor's Parade
Tel: 20051149
Fax: 20074941
Email: dss@gibraltar.gov.gi

Ministry of Employment
Units 76 & 77
Harbours Walk
New Harbours
Tel: 20040408
Fax: 20073981
Email: employment.service@gibraltar.gov.gi

Customs
Custom House, Waterport
Tel: 20078879
Fax: 20078362
Email: hmcustoms@gibraltar.gov.gi

Education & Training
23 Queensway
Tel: 20077486
Fax: 20071564
Email
info.edu@gibraltar.gov.gi

Gibraltar Tourist Board
Duke of Kent House
Cathedral Square
Tel: 20074950
Fax: 20074943
Email:
information@tourism.gov.gi

**Technical Services
Department**
Joshua Hassan House
Secretary's Lane
Tel: 20059800
Fax: 20040386

Official Receiver's Office
206-210 Main Street
Tel: 20067315

Department of Consumer Affairs

10 Governor's Lane
Tel: 20050788
Fax: 20047995
Email: conaffairs@gibtelecom.net

Registry of Companies & Business Names

Companies House (Gibraltar) Limited
1st Floor, Don House,
The Arcade,
30-38 Main Street
Tel: 20078193
Fax: 20044436
Email: mail@companieshouse.gi

Registry of Co-operative Societies & Friendly Societies

Financial Secretary's Office
No 6 Convent Place
Tel: 20051168
Fax: 20079901
Email: financialsec@gibtelecom.net

Department of Enterprise and Development

Suite 631, Europort
Tel: 20052052;
Fax: 20071406
Email: info@investgibraltar.gov.gi

Trade Licensing Office

Suite 631, Europort
Tel: 20076358
Fax: 20071950
Email: licensing.mttp@gibraltar.gov.gi

Royal Gibraltar Police Police Headquarters

New Mole House
Rosia Road
Tel: 20072500
(Emergency 199 & 112)
Fax: 20072428
Email: supportservices@royalgib.police.gi

Central Police Station

Irish Town
Tel: 20079395
(Emergency 199 & 112)

Immigration Department

Joshua Hassan House
Secretary's Lane
Tel: 20076948
Fax: 20043053
Email: immigration.csro@gibraltar.gov.gi

Post Office

104 Main Street
Tel: 20075714
Fax: 20072476
Email: info@post.gi

Philatelic Bureau Gibraltar Philatelic Bureau Ltd,

Suite 9/11
Watergardens 2
Tel: 20075662
Fax: 20042149
Email: info@gibraltar-stamps.com

Hospitals**St. Bernard's Hospital**

Harbour Views Road
Tel: 20079700

Primary Care Centre

2nd Floor
International Commercial Centre (ICC)
2A Main Street
Tel: 20072355
Fax: 20043948
Email: info@gha.gi

Environmental Health**Environmental Agency Limited**

37 Town Range
Tel: 20070620
Fax: 20074119
Email: admin@environmental-agency.gi

Emergency Services

Fire	190
Ambulance	190
Police	199
All emergencies	112

Air Terminal**Gibraltar International Airport**

British Lines Road
Tel: 20073026
Fax: 20073925
Email: info@gibraltar-airport.com

Public Utilities**Telephone:****Gibtelecom**

13/21 John Mackintosh Square
Tel: 20052200
Fax: 20071673
Email: info@gibtele.com

Water & Electricity:**Gibraltar Electricity Authority (Connections, etc.)**

Gibelec House,
North Mole Road
Tel: 20074191
Fax: 20048935
Email: consumer@gibelec.gi

AquaGib Limited

Suite 10B, Leanse Place
50 Town Range
Tel: 20040880
Fax: 20040881
E-mail: main.office@aquagib.gi

Business

Gibraltar Chamber of Commerce

Watergate House
2/6 Casemates Square
P O Box 29
Tel: 20078376
Fax: 20078403
E-mail:
info@gibraltarchamberofcommerce.com

Gibraltar Federation of Small Businesses

122/2 Irish Town
PO Box 211
Tel: 20047722
Fax: 20047733
E-mail: gfsb@gfsb.gi

App. 6.7 - Useful Gibraltar Websites

EY Limited	www.ey.com
Government of Gibraltar Information Services	www.gibraltar.gov.gi
General information on Gibraltar	www.gibraltar.gi
The Gibraltar Financial Services Commission	www.fsc.gi
The Gibraltar Society of Accountants	www.gibraltaccountants.com
The Gibraltar Federation of Small Businesses	www.gfsb.gi
The Gibraltar Chamber of Commerce	www.gibraltarchamberofcommerce.com
The Gibraltar Banker's Association	www.gba.gi
Gibraltar Companies House	www.companieshouse.gi
Gibraltar Insurance Association	www.gia.gi
Gibraltar Laws	www.gibraltarlaws.gov.gi
Gibraltar Regulatory Authority	www.gra.gi

App. 6.8 - About EY

EY Gibraltar practice profile

EY Limited commenced trading in Gibraltar on the 5 September 2013, following the transfer of approximately 40 partners and staff comprising the audit and tax service lines, previously operating under another international network.

The transition enabled the EY Gibraltar office to commence operations as one of the leading providers of audit, tax, accounting and business advisory services in the jurisdiction.

Our clients include financial services (insurance companies, insurance brokers, asset management and funds, trust and company managers) on-line gaming, retail/wholesale, shipping, property and construction.

The Gibraltar firm EY Limited is a limited company registered in Gibraltar with registered number 110110 and is a member practice of Ernst & Young Global.

EY (previously Ernst & Young)

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

Global headquarters: London

Global Chairman and CEO: Mark Weinberger.

Number of people globally: 175,000 (as of 30 June 2013).

Global revenues: US\$25.8 billion (Financial Year '13, ending 30 June 2013).

Geographic Areas: Americas; Europe, Middle East, India and Africa; Asia-Pacific; Japan.

Offices: 700+ in more than 150 countries.

Service lines: Assurance, Advisory, Tax, Transaction Advisory Services.

Founded: 1989 through the merger of Ernst & Whinney and Arthur Young & Co. Oldest component from 1849.

App. 6.9 - Biographies of Directors



JOSE JULIO PISHARELLO BSc (Hons) ACIB FCCA Board Chairman

Jose Julio (JJ) qualified as a Chartered Certified Accountant in 1991. He has been working in practice in Gibraltar ever since and has acquired in-depth knowledge and experience of the local commercial and business environment particularly in the field of financial services.

Jose Julio was admitted as an Associate Member of the Institute of Financial Services (Chartered Institute of Bankers) after qualifying in 2006. He was, in 2008 and 2009, President of the Gibraltar Society of Accountants, having also served as Deputy President of the Society in 2006 and 2007. Jose Julio has also been a member of the Society's Executive and Technical Committees and has served as Chairman of the latter.

Jose Julio was a partner of Baker Tilly (Gibraltar) since 1999 and, in 2011, became its chairman. In September 2013 Jose Julio moved to EY to establish its new office in Gibraltar as Country Managing Partner.



NEIL M RUMFORD BAdmin (Hons) CA

Having graduated from Dundee University, Neil trained as a Chartered Accountant with Ernst & Young in Dundee. On qualification in 1991, Neil joined one of the predecessor firms of Baker Tilly (Gibraltar) Limited, and in 2006 was appointed as a partner/director.

Neil is involved in the provision of audit services, mostly to e-gaming and international clients, and he is Head of Tax Services within the firm.

Neil is a member of the Tax Faculty of the Gibraltar Society of Accountants, and has participated in meetings between the Faculty and the tax authorities to clarify technical and practical issues arising from the new Income Tax Act. He also writes a regular column on tax matters in the local newspaper.



ANGELIQUE LINARES BSc (Hons) FCA

A graduate of the University of East Anglia, Angelique qualified as a Chartered Accountant in Leicester. In 1997 she joined KPMG Gibraltar where she worked on a large portfolio of locally based clients particularly in the financial services industry including banking and insurance. She was appointed as a partner/director of Baker Tilly (Gibraltar) Limited in 2006.

Angelique specialises in provision of auditing, accounting and advisory services within the insurance and captive administration sector and, together with co- directors Jose Julio Pisharello and Dale Cruz, leads the specialised team providing services to a large portfolio of clients. Their expertise in this field has resulted in EY becoming the leading firm in the provision of audit and advisory services to the Insurance Industry in Gibraltar. Angelique is the partner responsible for Human Resources.

Angelique is currently Vice Chairman of the Gibraltar Insurance Association and sits on the Government Discretionary Scholarship Awards Committee. She is a former Chairperson of the Training Committee of the Gibraltar Society of Accountants and has sat on the Government Training Advisory Council. Having been involved with Young Enterprise Gibraltar branch in judging the finalists, she has now been appointed as a judge for Young Enterprise in UK.



JOHANN OLIVERA BA (Hons) FCA

A graduate from Exeter University, Johann trained as a Chartered Accountant with Robson Rhodes in London, qualifying in 1998. He joined KPMG Gibraltar in 1998 and was appointed as a partner/director of Baker Tilly (Gibraltar) Limited in 2006. Johann is responsible for the provision of audit and accountancy services to financial services clients (including funds, fund administration,

asset management and trust & company managers) as well as audit services to a number of Government owned companies. He has been involved in the development of the funds industry in Gibraltar since inception, serving on both the marketing and technical sub- committees of the Gibraltar Funds & Investments Association. Johann is the partner responsible for audit quality in the local practice.



DALE CRUZ BA (Hons) ACA

After graduating from the University of Kent at Canterbury, Dale went on to train as a Chartered Accountant in the City of London, qualifying in 2003. Since returning to Gibraltar, Dale has been involved in audit and assurance services for both local and international clients. He has mainly worked in financial services, specialising in the insurance industry where he has been instrumental in growing the firm's portfolio in this area. Dale heads the Learning & Development Committee within the firm. Dale was appointed as a partner/director in 2012. He is an active member of the Gibraltar Society of Accountants where he is currently a member of the audit faculty and is a former Secretary and Treasurer.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

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