



Taxation in Gibraltar

The Budget 2012

A summary of the key taxation changes announced in the Chief Minister's budget on 9 July 2012

PwC Tax

PwC has unrivalled expertise and knowledge of Gibraltar tax laws and practice.

Our tax experts provide support to individuals and businesses on all current tax issues and on resolving the complex issues involved in tax planning.

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Corporation tax

As expected there is no change to the corporate tax rate of 10%.

Personal tax

Pension income from approved occupational schemes no longer form part of the taxpayer's assessable income.

In respect of the allowance based system the following changes are announced:

- The lower rate of tax has been lowered to 15% from 17%.
- Increase in the low income earners allowance so that any person with income of £9,000 or less will not pay any tax. This figure will rise to £10,000 next year.
- Taper relief will be introduced for income between £9,000 and £19,500.
- The allowances for medical insurance premiums and nursery school payments have increased to £1,500 and £2,000 respectively.
- The maximum amount of mortgage interest available for relief has increased by £50,000 to £350,000.

In respect of the gross income based system, the following changes are announced:

- Taxpayers will be entitled to a deduction from their assessable income in the form of mortgage relief up to an amount of £1,000 per annum.
- Taxpayers can now benefit from a deduction from their assessable income of expenditure incurred on the enhancement of the frontage of their property of up to £5,000.

Changes in import duty rates

Import duty on the following goods has halved from 6% to 3%:

- Perfumes, beauty and make up preparations;
- Clothing and footwear; and
- Watches.

Changes in import duty rates (cont.)

Import duty on the following goods has been exempted:

- Computers (including portable devices);
- Televisions;
- Computer software;
- Hi-fi and other electric audio or visual equipment;
- DVDs and CDs;
- Biofuels; and
- Stationery made from recycled materials.

Import duty on jewellery and mobile phones has halved from 12% to 6%.

The duty on cigarettes has been increased by £1.00 per carton of 200.

Import duty on vessels over 18 metres in length has been exempted. Vessels less than 18 metres will pay import duty of 6%.

The import duty rate for hybrid vehicles imported by a local dealer has been lowered to 2%. There is also a £500 cash-back to the purchaser of such a vehicle upon registration in Gibraltar.

Commercial property rate incentives

New business start-ups will benefit from an early payment discount of 50% for the first year of trading.

The discount for bars, restaurants and casinos increases to 40% for the year to 30 September 2013, reducing to 30% for the following year.

The discount for offices, workshops construction, manufacturing, transport and distribution industries increases to 10% with effect from 1 July 2012.

Salt water rates to be abolished with effect from 1 October 2012.

Statutory minimum wage

This is increased to £5.70 with effect from 1 August 2012.