



Taxation in Gibraltar

The Budget

A summary of the key taxation changes announced in the Chief Minister's budget on 4 July 2011

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%.

The Chief Minister did announce however that the tax treatment of entertainment and marketing expenditure, the allocation of expenses between taxable and non taxable income and the deductibility of shared central and head office costs is being reviewed.

Personal tax

The Gross Income Based System of taxation has been simplified. The tax rates and bands have been changed as follows:

As from 1 July 2011, the top rate is reduced from 29% to 28% and the bottom rate is lowered from 8% to 6%.

The income bands and tax rates for income up to £25,000 are:

- First £10,000 at 6%;
- Next £7,000 at 20%;
- Balance at 28%

The income bands and tax rates for income above £25,000 are:

- First £17,000 at 16%;
- Next £8,000 at 19%;
- Next £15,000 at 25%;
- Next £65,000 at 28%;
- Next £395,000 at 25%;
- Next £200,000 at 18%;
- Next £300,000 at 10%;
- Balance at 5%

All taxpayers on the Allowances Based System will receive a tax credit equal to the higher of £300 or 2% of their tax bill.

Changes in import duty rates

To assist retail trade the import duty rate for the following goods has halved to 6%:

- Televisions;
- Hi-fi and other electric audio or visual equipment;
- Tableware and kitchenware;
- Other household goods;
- Sunglasses or spectacles;
- Lamps and lighting;
- Paints and varnishes;
- Tools;
- Toys;
- Porcelain goods, statues and ornamental pieces;
- Glassware objects (excl sheet glass)

The duty on cigarettes has been increased by £1.20 per carton of 200 and the duty on rolling tobacco has increased by £2.50 per 250 gram pouch.

Commercial property rate incentives

As a cost saving incentive to the wholesale and retail sector (including bars and restaurants) the early payment discount on rates is increased to 20%.

Also any bar or restaurant implementing and enforcing a "no smoking policy" will be entitled to a 10% refund of rates paid.

Social insurance contributions unchanged

The level of social insurance contributions was frozen this year however the Chief Minister restated the Government's policy was in the future to increase the levels in line with inflation in order to avoid the need periodic sharp increases.

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