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Gibraltar Budget 2026

The Chief Minister delivered the 2026/27 Budget in Parliament, alongside the publication of the Government's Estimates of Revenue and Expenditure for the coming financial year.
The Budget reports on Gibraltar's economic performance, outlines a number of fiscal and social policy measures, and provides further insight into the implementation of the UK-EU/Gibraltar Treaty.

Economic Performance

The Government has projected Gibraltar's GDP for 2025/26 at £3.25 billion, reflecting continued economic strength despite a challenging global environment.

Key economic indicators highlighted included:
- Average annual earnings of £39,511, representing a 5.8% increase in cash terms and 2.8% growth in real terms after inflation.
- GDP per capita forecast at £85,145, placing Gibraltar amongst the highest-ranked jurisdictions globally.
- A record 32,206 employee jobs recorded in October 2025.
- Average unemployment of just seven individuals during the second quarter of 2026.
- An increase in the minimum wage from £9.50 to £10.00 per hour, raising annual earnings for a standard 39-hour working week to approximately £20,289.

The Chief Minister also reflected on Gibraltar's longer-term economic development, noting that GDP has grown from approximately £1.1 billion in 2010/11 to £3.25 billion today, while Government revenues have more than doubled and employment levels have reached record highs.

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Public Finances – 2025/26 Outlook

Revenue collections have significantly exceeded original forecasts:

Total revenue forecast at £883.5 million, compared to a budget estimate of £773.7 million.

Personal income tax receipts expected to reach £281 million. Corporate tax revenues forecast at £252 million, substantially above initial expectations.

Stamp duty receipts forecast at £8.5 million.

Government expenditure is projected at £867.8 million, including:

Health and social care expenditure of £256 million.
This is expected to generate a recurrent surplus of £15.7 million.

2026/27 Financial Forecast

For the coming financial year, the Government forecasts:

- Revenue of £854.1 million.
- Expenditure of £843.1 million.
- A recurrent surplus of £11 million.

While both revenues and expenditure are expected to moderate compared to the previous year, Gibraltar is projected to maintain a budget surplus.

Tax and Fiscal Measures

Several tax-related measures were announced or reaffirmed:

1. Implementation of the Global Minimum Tax, expected to generate approximately £25 million.
2. Import duties are expected to generate around £20 million between April and June 2026 before being phased out.
3. A new Transaction Tax is projected to generate approximately £80 million between July 2026 and March 2027.
4. A new tax allowance for fees received by Gibraltar-resident musicians for live performances, where earnings are reinvested in equipment and instruments. This will apply retrospectively from July 2019.
5. No other changes were announced to existing income tax rates or tax allowances.

Additional measures linked to the Treaty framework include:

- Changes to tobacco taxation, including a revised excise duty structure and measures designed to reduce price differentials with Spain.
- Plans to prohibit the sale of tobacco products to Gibraltar residents born after 2009.

Public Debt and Fiscal Sustainability

The Government reported:

- Net public debt of 21.4% of GDP.
- Gross public debt of 27.5% of GDP.
- Aggregate public debt forecast at £887.7 million by March 2027.
- Net public debt forecast at £722.7 million by March 2027.

The Chief Minister noted that the COVID-19 pandemic had an estimated cost of approximately £425 million to Gibraltar's economy. He also announced a new debt reduction policy requiring annual repayments of at least £5 million, or 10% of any annual surplus, whichever is greater.

The Government further confirmed that Gibraltar is now able to refinance debt on favourable terms without requiring a UK Sovereign Guarantee.

Sovereign Wealth Fund

An update was also provided on Gibraltar's Sovereign Wealth Fund.
The long-term ambition is for the fund to achieve a value of between £700 million and £1 billion over the next 35 years, with anticipated annual growth of 3.5% to 5%.

The fund has been established as a long-term mechanism to assist in repaying COVID-related debt while generating additional value for future generations. Its first investment has been made in the UK-regulated elderly care sector.

Pension and Social Measures

The Budget included several significant social policy announcements:

- The State Pension qualifying age for men will be reduced to 60 years old from 1 July 2026, aligning it with that of women.
- Approximately 1,400 men aged between 60 and 64 are expected to benefit from the measure.
- The estimated annual cost is £8 million.
- State pensions, survivors' benefits and Disability Benefit payments will increase by 2.5%.
- The Disability Benefit budget will receive an additional £500,000.

Public Sector Workforce Measures

A multi-year public sector pay agreement was announced following discussions with union representatives.

Key measures include:

1. Annual 2.5% recovery increases from 2026/27 to 2030/31, aimed at addressing what the Government estimates to be a 12.6% loss in purchasing power since 2019.
2. Inflation-linked pay increases in addition to the recovery element, subject to affordability mechanisms where inflation exceeds 2.5%.
3. Full recovery payments for public servants earning up to £100,000, with a 50% recovery rate for higher earners.
4. A new minimum public sector salary of £24,413.
5. Two additional days of annual leave for employees with more than 15 years of service.
6. From 2032/33 to 2036/37, annual salary increases linked to inflation plus 1%, capped at 4%.

The Government also confirmed plans to recruit against approved vacancies in the 2026/27 establishment, including 57 new Administrative Assistant positions within the Civil Service.

In addition, new recruits to the Royal Gibraltar Police will be eligible for a £30,000 housing bursary, subject to qualifying conditions and service commitments.

UK-EU Treaty Developments

The Chief Minister confirmed that the Gibraltar Treaty is expected to:

- Be signed on 14 July 2026.
- Enter provisional application on 15 July 2026.