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Taxation in Gibraltar

The Budget 2021

Corporate Tax

Increase in corporate tax rate

The rate of corporate tax is increasing from 10% to 12.5% in relation to financial periods commencing after 20 July 2021.

Allowances and Deductions

The Chief Minister announced the following allowances and deductions which will be available for a limited period up to 30 June 2023:

- An allowance of 50% of the fixed salary cost of new employees employed after 20 July 2021;
- An increase in the allowance for qualifying training costs from 50% to 60%; and
- An additional 50% deduction for business marketing costs.

Deductions for environmental measures

Deductions in relation to environmental measures have been extended as follows:

- Deductions in relation to the installation of solar energy systems is no longer limited to water heaters only.
- The rate of deductions in relation to improving the EPC rating of a property under the Energy Performance (Deductions) Rules 2018 have increased based on the various categories.

Capital Allowances

The rates of capital allowances will change as follows for a limited period to 30 June 2023:

- First year allowances for plant and machinery will increase from £30,000 to the higher of £60,000 or 50% of the expenditure incurred.
- First year allowances for computer equipment will increase from £50,000 to the higher of £100,000 or 50% of the expenditure incurred.
- The pool allowance will increase from 15% and 20% to 25% and 30% respectively for persons and persons other than companies.
- A 1% general wear and tear allowance of the cost of acquiring the property, on real property from where a business is conducted (excluding industrial buildings).
- The inclusion of full electric vehicles partly used for the production of income in the "plant and machinery" definition.



Personal Tax

The Chief Minister announced the following increases to allowances with effect 1st July 2021:

The age allowance for single individuals from £5,600 to £5,685

Single Parent Family Allowance from £5,690 to £5,800

Disabled person allowance from £9,475 to £10,000;

Blind person allowance from £5,395 to £5,475

The age allowance for married individuals from £9,055 to £9,190

Nursery Allowance from £5,400 to £5,480

Dependent Relatives Allowance from £335 to £400 where the relative is resident in Gibraltar and from £220 to £250 for a non-resident dependent relative.

Allowance for child studying abroad from £1,355 to £1,375

Other

Category 2 and HEPSS individuals

Changes have been announced to the taxation of Category 2 and HEPSS individuals with effect from 1 August 2021. The cap on taxable income for Category 2 individuals will increase to £105,000 from £80,000. Similarly, the minimum amount of tax payable by Category 2 individuals will increase from £22,000 to £32,000.

In relation to HEPSS, the minimum salary requirement to apply for HEPSS status will increase from £120,000 to £160,000. Transitional rules will be introduced to facilitate these changes.

Statutory minimum wage

The statutory minimum wage will increase from £7.25 to £7.50.

Import Duty

Limited changes to import duty were announced as follows:

- 1/3 reduction on the rebate on duties for fuels supplied from land on otherwise to superyachts, jet-skis or pleasure craft.
- Diesel fuel supplied to a superyacht, jet-skis or pleasure craft will attract 12 pence of duty per litre.
- Import duty per carton of 200 cigarettes will be increased by £0.50 to £15.50 per carton.



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