



Gibraltar Budget 2022

A summary of the key changes announced in the Chief Minister's Budget Address on 28 June 2022.

Personal Tax

The tax rates on all bands under both the Allowance Based System and Gross Income Based System will increase by 2% for two years.

Under the Gross Income Based System, income above £105,000 will be taxed at a flat rate of 25% (27% for the next two years).

Statutory Minimum Wage / State Pension and Disability Benefit

The statutory minimum wage will increase from £7.50 to £8.10 (an 8% increase). The State Pension and Disability Benefit will also increase by 8%.

Changes to Category 2 Regime

The cap on taxable income for Category 2 individuals will increase from £105,000 to £118,000. The maximum amount of tax payable will increase to £44,740. Similarly, the minimum amount of tax payable by

Category 2 individuals will increase from £32,000 to £37,000 per annum, with effect from 1 July 2022. All existing and new Category 2 applicants will be required to pay tax one year in advance.

A non-Gibraltar national who claims residency in Gibraltar and is not in possession of a Category 2 or HEPSS certificate and is not in true third party employment, will be taxed on their savings income, including pensions, interest, dividends and other passive sources of income. Such individuals will be able to apply for Category 2 status retrospectively, so long as they meet the eligibility criteria and pay any outstanding amount of tax.

The Company COVID Charge

All companies are required to pay a COVID recovery charge of £25 per week for the next two years. The charge will be collected by Companies House, as from 1 August 2022, as part of the company annual return.

Marketing Allowance

The additional deduction amounting to 50% of marketing costs announced in the 2021 Budget Address will be revoked with immediate effect. The incentive will now apply for one year only and is limited to marketing expenditure relating to marketing Gibraltar as a destination and jurisdiction as defined in legislation. The deduction will not be available for generic marketing to the company's customer base of its product.

Audit threshold

For accounting periods ending on or after 1 July 2022, the threshold above which corporate tax returns must be accompanied by audited accounts will increase from £1,250,000 to £1,500,000.

Amnesty period

An amnesty period will be introduced until 31 December 2022 to allow companies which have filed returns over the last two financial years and should have filed accounts up to 31 December 2022 to resubmit their returns and pay any undeclared tax without penalties or interest.

Following the end of the amnesty period, the Commissioner of Income Tax may issue assessments plus penalties and interest in respect of historic tax liabilities.

Sustainable Tourism Tax

With effect from 1 August 2022, hotel and AirBnB visitors will be required to pay £3 per visitor per night to the operator collecting on behalf of the Department of the Environment.

As of 1 April 2023 all cruise visitors will have to pay a £1 per person environmental levy, payable to the Port Authority.

Tax penalties

The current tax penalty regime will be reviewed and updated and it is expected that increased sanctions will be introduced shortly for non-compliance.

Electricity and water costs

Electricity and water costs will increase by 8% for the next 12 months. The increase will apply to the August 2022 bills.

Administrative fees

With effect from 1st September 2022, the Income Tax Office will introduce administrative fees for the provision of information requests including ordinarily resident certificates, subcontractor certificates, payment transaction printouts and copies of previous filings and associated documentation.

Fuel and vehicles

As from 1 July 2023, mopeds fully fuelled by diesel or petrol will become prohibited imports. Similarly, used passenger cars other than classic cars, light commercial vehicles and buses over 5 years old, will become prohibited imports from 1 January 2023.

The change to the tariff for petroleum products at the roadside pump for motor vehicles has been extended from its original expiry date of 30 June 2022 to 30 September 2022. In the absence of a further announcement, fuel duty will revert to its original non discounted rate on 1 October 2022.

Individual taxpayers can continue to deduct the first £2,000 of approved costs for the installation of a mechanism for electric charging of vehicles from their tax liability.

Import duty

With effect from 29 June 2022, the following measures will be revoked:

- Import duty waiver on all commercial imports other than for certain commodities such as excise goods;
- A 10% flat rate of import duty levied on all personal imports over £25 in value, other than key commodities.

Private importations will now be charged at the import duty rates put in place prior to the introduction of the above measures.

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