



# *Taxation in Gibraltar*

## *The Budget 2019*

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## *Welcome*

*This bulletin provides a summary of the key taxation changes announced in the Chief Minister's budget on 10 June 2019*

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# Personal Tax

## Allowance Based System

The Chief Minister announced the following increases to allowances with effect 1 July 2019:

- The low income earners allowance so that any taxpayer with income of £11,450 or less (2018/2019: £11,200) will not pay any income tax;
- Personal Allowance and Spouse/Civil Partner's Allowance from £3,385 to £3,455;
- One Parent Family Allowance from £5,575 to £5,690;
- Nursery Allowance from £5,290 to £5,400;
- Child Allowance from £1,165 to £1,190;
- Child Studying Abroad Allowance from £1,325 to £1,355;
- Dependent Relatives Allowance where the relative is resident in Gibraltar, from £325 to £335. Where the relative is resident outside Gibraltar from £215 to £220;
- Disabled person allowance from £9,285 to £9,475
- Blind allowance from £5,285 to £5,395;
- Medical Insurance allowance from £5,285 to £5,395;
- First time home purchase allowance from £12,000 to £13,000.

## Gross Income Based System

- Home purchase allowance increased from £6,500 to £7,500 in respect of approved expenditure incurred during the purchase of their home.

## Statutory Minimum Wage

- The statutory minimum wage has increased from £6.75 to £7.00. The Chief Minister also announced increases for future years. For the Financial Year 20/21 it will increase by 3.7% to £7.25 and for the Financial year 21/22, it will increase by 3.4% to £7.50.

## Social Insurance

- No change to social insurance contributions in respect of employee, employer or self-employed contributions.



# Customs & Import Duty

## As from midnight on 9 June 2019 import duty has increased on the following goods:

- Cigarettes from £14.00 to £14.50 per carton;
- Rolling tobacco from £60 per kilo to £65 per kilo;
- Diesel fuel from 37 pence to 40 pence per litre of ordinary diesel and 34 pence to 37 pence per litre of premier diesel fuel;
- Unleaded fuel from 35 pence to 38 pence per litre for unleaded 95 and 34 pence to 37 pence per litre for Unleaded 98;
- Single use plastic products not covered by amendments to Imports and Exports (Control) Regulations to 200%;
- Unmounted precious stones from 0% to 12%. However, commercial importations of precious stones by holders of a Business license shall remain free from import duty;
- Private importations of works of art and collector's pieces of value over £1,000 from 0% to 3%.

## As from midnight on 9 June 2019 import duty has been reduced to 3% on the following goods:

- Preparations for oral and dental hygiene ;
- Toothbrushes;
- House holder vacuum cleaners, sewing machines, electric toothbrushes, electric shavers, hair clippers, hair removing appliances;
- Chargers used with telecommunication apparatus and automatic data machines such as mobile phones chargers; and
- Table, floor, wall, window, ceiling or roof fans not exceeding 125W.

## As from midnight on 9 June 2019 import duty has been removed on the following goods:

- Cotton bags and aluminum bottles;
- Replacement parts and accessories required for the upkeep and maintenance of solar panels (including batteries); and
- Musical or camera cases

## Importation and other licenses

- Administration fee of £10 applied to all importation licenses. All Tier 1 transport permits and exportation licenses.
- Importations made by persons recruited by or on behalf of the Government on contract terms, at the request of the Collector of Customs shall carry a £50 administration fee.
- Fee for the issuance of wholesale tobacco license by ship chandlery increased to £10,000.
- Fee for the renewal of a wholesale tobacco license by way of ship chandlery increased to £5,000.



## Other

### Stamp Duty

All initial purchases of properties by home buyers in affordable housing estates developed by the Government will be exempt from Stamp Duty.

### General Rates

Early payment rates discounts for construction, transport and distribution trades and in respect of all offices, increase by 5% to 20%. The discount for the early payment of hotel rates increases from 15% to 30%.

### Gift aid rules

The amount eligible for registered charities to claim from the Commissioner of Income Tax in respect of donations under Gift Aid rules has doubled to £10,000. The Chief Minister also announced a commitment to simplify the existing gift aid rules under which registered charities are able to claim from the Commissioner of Income Tax an amount equal to the tax paid by the donor on the grossed up amount of the gift.

### Deduction for disability friendly property modification costs

A deduction of up to £15,000 can be claimed by businesses, for the next 36 months, on costs incurred to improve disability access to their properties. Pre-approval by Town Planning and Building Control will need to be obtained before works begin, if the costs are to be deductible. Claims must be made within 2 years of the assessment year in which the deduction is claimed.



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