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Gibraltar Budget 2025

A summary of the key tax related changes announced in the Chief Minister's Budget Address on 30 June 2025.

Corporate Income Tax

No increase in the standard corporate tax rate.

Personal Tax Rates

No increase in the personal income tax rates.

Gibraltar Residency / Category 2 Status

The Chief Minister emphasised the need for careful consideration of residency applications under the new EU Treaty, particularly focusing on those wishing to reside in Gibraltar. The value of becoming a Gibraltar resident is notably high for third country nationals aiming to spend extended time in the EU. Current Cat 2 status holders will maintain their residency rights, but future settlement rights will undergo more stringent evaluation. To address this, an Immigration Criteria Consultation Committee is established, led by the Minister for Economic Development, and will include various ministers, the Attorney General, the Head of CSRO, and financial sector experts. The committee is tasked with advising the Cabinet on reforming residency entitlements by the end of November.

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Introduction of Transaction Tax and Excise Duties

The Chief Minister announced that given the agreement for a treaty with the EU, and the introduction of a Transaction Tax to replace import duties, it is not the Government's intention to change the rates of duty applicable at this stage.

Once applicable the introduction of the Transaction Tax would be phased- starting at 15% in the first year, rising to 16% in the second and 17% in the third. A monitoring mechanism will assess market distortions relative to Spain, allowing for future rate adjustments. Essential goods such as food, water, medicines, books, and electricity will benefit from a 0% super-reduced rate, while items like children's clothing and bicycles will fall under a 5% reduced rate. Certain sectors, including bunkering, aviation, and bonded goods, will be exempt.

Excise duties aligned with EU minimums will apply to tobacco, alcohol, and fuel—with fuel benefiting from a three-year transition period. Tobacco pricing controls will also be introduced to eliminate illicit trade.

Stamp Duty Relief for Family Reorganisations

A review into the potential exemption of stamp duty on genuine inter vivos family reorganisations. The Minister for Financial Services, together with the Commissioners of Stamp Duties and Income Tax, have been tasked with evaluating whether a safeguard mechanism can be introduced to prevent abuse. Their findings, expected within six months, will guide the development of future policy in this area.

Statutory Minimum Wage

The hourly minimum wage increases from £8.90 to £9.50

Social Insurance

As published in the Gibraltar Gazette on 13 June 2025, the cap on both employer and employee social insurance contributions increases by 5%.

