

Tax changes 2009/2010 in Gibraltar

This bulletin summarises the key tax changes in the Income Tax Act for the 2009/2010 tax year as a result of the Chief Minister's budget of 25 June 2009.

Corporate tax

The Gibraltar corporate tax rates have been reduced as from 1 July 2009 by 5% from 27% to 22%.

It has now been confirmed that an across board low corporate tax rate will be introduced. This corporate tax rate has been set at 10% on an actual basis, effective as of 1 January 2011.

Energy and utility providers will be subject to a 10% surcharge and hence will be subject to a total corporate tax rate of 20%. This extra surcharge will include electricity, fuel, telephone service and water providers based in Gibraltar.

The basis of taxation will not change and will continue to be on an accrued and derived basis, our common source based system.

Start up incentive

In order to encourage business start ups, a start up rate effective from 1 July 2009 will be introduced. This rate will apply to any business established in Gibraltar after 1 July 2009.

As an anti avoidance provision, the tax rate will not apply in respect of any commercial activity being carried out before 25 June 2009 and which is reorganised by in the name of a

different entity for the purpose of benefiting from this start up tax scheme.

In order to assist recently started companies, this scheme will also be available, on certain conditions, to businesses that have been recently established. The conditions are the following:

- The business must have commenced after 1 July 2007
- The company must agree to be taxed on a preceding year basis
- The corporate tax rate of 27% will apply to the first tax year, starting from 1 July 2008 to 30 June 2009
- The corporate tax rate of 10% will be applicable for the tax year, starting from 1 July 2009 to 30 June 2010

For further information please contact:

PricewaterhouseCoopers Limited
International Commercial Centre
Casemates Square
Gibraltar
Telephone: +350 200 78777
Facsimile: +350 200 76689

www.pwc.com/gi

robert.g.guest@gi.pwc.com
christopher.j.pitaluga@gi.pwc.com
raacida.amenzou@gi.pwc.com
aine.harrington@gi.pwc.com

This Bulletin is produced by experts in this particular field at PricewaterhouseCoopers Limited. It is not intended to provide specific advice on any matter, nor is it intended to be comprehensive. If specific advice is required, or if you wish to receive further information on any matters referred to in this Bulletin, please speak to your usual contact at PricewaterhouseCoopers or those listed in this Bulletin