

## Start up relief guidance

This bulletin provides guidance on the application of start up relief announced in the Chief Minister's budget speech of 25 June 2009 which has now been enacted. Companies electing for this relief need to apply in writing to the Commissioner of Income Tax.

### Introduction

With effect from 1 July 2009 a new "start up" rate of 10% will apply to any business established in Gibraltar after 1 July 2009.

The scheme will also be available, on certain conditions, to businesses that have been established after 1 July 2007.

On 1 January 2011 all Gibraltar companies will be assessed on a current actual basis. There will be transitional rules applicable to companies having commenced trading prior to 1 July 2009 which have yet to be announced.

### Companies that have commenced trade after 1 July 2007 but before 30 June 2008

The first tax year will be the 2008/2009 tax year and the profits assessed will be for the period from commencement of trade to 30 June 2008 at the rate of 27%.

The second tax year will be 2009/2010 tax year and the company will be assessed on an actual preceding basis (i.e. 1 July 2008 to 30 June 2009) at the rate of 10%.

The third tax year will be 2010/2011 tax year and the company will be assessed on an actual preceding basis (i.e. 1 July 2009 to 30 June 2010) at the rate of 10%.

### Companies that have commenced trade after 1 July 2008 but before 30 June 2009

The first tax year will be the 2009/2010 tax year and the profits assessed will be for the period from commencement of trade to 30 June 2009, taxed at the rate of 10%.

The second tax year will be 2010/2011 tax year and the company will be assessed on an actual preceding basis (i.e. 1 July 2009 to 30 June 2010) at the rate of 10%.

### Companies that have commenced trade after 1 July 2009

The first tax year will be the 2009/2010 tax year and the profits assessed will be assessed on an actual current basis for the period from commencement of trade to 30 June 2010, taxed at the rate of 10%.

The second tax year will be 2010/2011 tax year and the company will be assessed on an actual current basis (i.e. 1 July 2010 to 30 June 2011) at the rate of 10%.

### Anti-avoidance provisions

This relief will not apply in respect of any commercial activity being carried out before today and which is reorganised by the taxpayer in the name of a different entity for the purpose of benefiting from this scheme.

### For further information please contact:

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