

EXPATRIATES

Gibraltar

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

An individual who is ordinarily resident in Gibraltar is subject to income tax in Gibraltar on any worldwide income excluding income earned from overseas properties. An individual who is not ordinarily resident in Gibraltar will be subject to income tax on income accrued and derived from Gibraltar - local source income.

An individual will be ordinarily resident if the individual has been present in Gibraltar for at least 183 days in a tax year, or is present in any tax year which is one of three consecutive years in which the total days present in Gibraltar exceeds 300 days. Presence for any part of a 24 hour period will count as one day.

Certain streams of income are not subject to tax in Gibraltar, such as interest income and dividends received from listed companies. In addition, there is no capital gains tax or inheritance tax in Gibraltar.

The tax year in Gibraltar runs from 1 July to 30 June, and an individual who has income subject to tax in Gibraltar will need to file a tax return with the Income Tax Office by 30 November, following the end of the relevant year of assessment. Under the self-assessment regime in operation, the individual will also be required to settle his tax liability by the same date.

Individuals who are not ordinarily resident in Gibraltar and also spend less than 30 days in Gibraltar will not pay any income tax on directors' fees earned from Gibraltar companies.

BREAKING RESIDENCY - EXIT PROCEDURES

An individual who is not ordinarily resident in Gibraltar will pay Gibraltar income tax on income earned in Gibraltar, and so income tax will be paid on income earned up to the date of departure. Any income earned overseas after the date of departure should no longer be accrued and derived from Gibraltar, and so would not be taxable.

For an individual who is ordinarily resident in Gibraltar, any income earned since the date of departure from Gibraltar may still be subject to Gibraltar income tax if it is income within the relevant tax year. In this case, the individual would need to declare the income on the tax return and approach the Income Tax Office for relief in respect of the foreign tax that will be paid on the income that is earned outside Gibraltar.

The usual allowances and reliefs that are available to reduce an individual's assessable income are pro-rated for the period that the individual has been present in Gibraltar in any tax year.

An individual working overseas is likely to be employed by a new overseas entity, and therefore the individual's employment with the Gibraltar company will be terminated. The Gibraltar employer will issue a P7A document, which details the gross emoluments, tax and social insurance paid up to the date of termination of employment.

INCOME TAX RATES

Individuals Resident in Gibraltar

Assessable income ²	Allowance based system	Assessable income ²	Gross income based system ¹
First £4,000	14%	First £17,000	16%
Next £12,000	17%	Next £8,000	19%
Over £16,000	39%	Next £15,000	25%
		Next £65,000	28%
		Next £395,000	25%
		Next £200,000	18%
A tax credit of the greater of £300 or 2% of the tax payable is also applied to the final tax liability.		Above £700,000	5%

Notes:

Lower tax rates are available under the gross income based system for an individual earning less than £25,000 in a tax year.

For both systems, the bandings are reduced for each month in the tax year that the individual does not earn any income.

Individuals Not Resident in Gibraltar

Assessable income	Allowance Based System
First £16,000	17%
Over £16,000	39%

SOCIAL TAX RATES

For weekly paid employees		For monthly paid employees	
Employee contribution	Employer contribution	Employee contribution	Employer contribution
10% of gross earnings subject to a minimum of £6.05 and a maximum of £30.25	20% of gross earnings subject to a minimum of £18.15 and a maximum of £40.15	10% of gross earnings subject to a minimum of £26.22 and a maximum of £131.08	20% of gross earnings subject to a minimum of £78.65 and a maximum of £173.98

For further information and to register for future updates contact expat@bdo.global

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations. The information contained within this publication is based upon information available up to the version date indicated in the document footer, and is accurate only as of such version date. While every reasonable effort has been taken by BDO to ensure the completeness and accuracy of the matter contained in this publication, the information contained herein does not constitute an examination of any recipient's compliance with laws, regulations, or other matters. You should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact the appropriate BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither the BDO network, nor the BDO Member Firms or their partners, employees or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO is an international network of public accounting, tax and advisory firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium with its statutory seat in Zaventem. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© Brussels Worldwide Services BVBA, May 2019

www.bdo.global