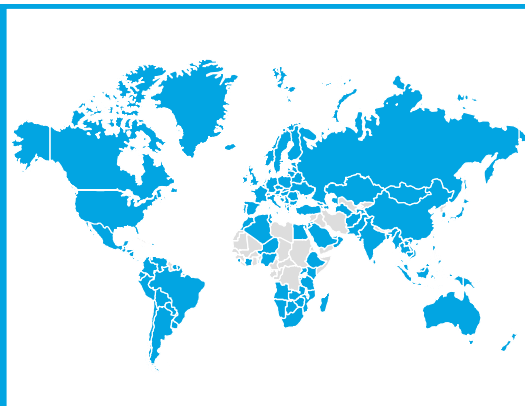


# INPATRIATES

## Gibraltar

### Tax facts for international assignees



#### INCOME TAX: WHO IS LIABLE/RESIDENCY

An individual who is ordinarily resident in Gibraltar is subject to income tax in Gibraltar on 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.

An individual who is not ordinarily resident in Gibraltar for a particular tax year, will pay income tax on any income earned in Gibraltar in that tax year, which in practice would be from the date that they commence their employment in Gibraltar.

Should an individual become ordinarily resident in that same tax year, the individual's worldwide income would be taxable, which could include income earned outside Gibraltar on which overseas tax is payable. In this situation, the individual should seek advice so as to maximise the relief that is available in Gibraltar for the foreign tax paid.

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.

There are two special tax status that are available to individuals who come to live in Gibraltar from overseas. An application is required to be made to the relevant Government department to obtain these, and a certificate is issued on approval. These are the Category Two (previously known as the High Net Worth Individual) status and the Higher Executive Possessing Specialist Skills (HEPSS) status.

For the Category Two status, an individual will only pay tax on the first £80,000 of taxable income, resulting in a maximum tax liability of just under £28,000 in a tax year, whilst for the HEPSS status, only the first £120,000 of employment income is taxable, again resulting in a maximum tax liability for this employment income of just under £30,000.

There are criteria that must be satisfied in order to be eligible for each of these statuses.

## INCOME TAX RATES

### Individuals Resident in Gibraltar

| Assessable income <sup>2</sup>   | Allowance based system | Assessable income <sup>2</sup> | Gross income based system <sup>1</sup> |
|--|------------------------|--------------------------------|--|
| 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 Category Two and HEPS individuals

|                        | Category two | HEPSS    |
|------------------------|--------------|----------|
| Maximum taxable income | £80,000      | £120,000 |
| Maximum tax payable    | £27,560      | £29,926  |

## 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](mailto:expat@bdo.global)

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