

TAX BUDGET TIME AGAIN

What does it actually mean for you?

It's Tax Budget time again! A time where an array of economic statistics, changes in allowances, rates and duties are all delivered by the Chief Minister in his address to Parliament.

Being the last Budget before the next Government elections, it is no surprise that there were high expectations of a promising Budget. Furthermore, given the impressive, mindboggling statistics ranking Gibraltar 3rd in the world for GDP per capita, a Government Budget surplus estimated at £51.3 million amongst other things, a positive Budget was surely on its way.

But once you wade through all the Budget measures and information overload, what does it all really mean for you?

Well, it is clear that there is an underlying theme of environmental awareness, time to re-think buying filament bulbs and two-stroke motorcycles, the cost of these being increased due to a hike in import duty.

Thankfully, your electricity and water bills should not go up as these charges remain static, unless of course, the summer continues this way forcing additional air-conditioner/fan usage and random cold showers – of course the power supply interruptions may balance this out!

Good news for all those waiting for the completion of Beach View Terraces and Mons Calpe Mews, they will benefit from a rates holiday in their first year, with a 10% increase thereafter until 100% is reached on the 11th year. Welcomed savings which can be used towards fitting out your new homes. Also, it is worth noting that local suppliers of flooring, carpets etc. may be more competitive than they have been in the past when compared to Spanish suppliers given the reduction in import duties in this area. We shall see if this saving is passed on to customers.

The benefits of home purchasing are not only limited to these new developments,



first time and second time buyers across the board will not pay stamp duty on the first £260,000 of the cost of the property, regardless of the total cost of said property. In the case of first time buyers, the home purchase allowance and deduction has been increased for both taxation systems respectively i.e. Allowance Based system and Gross Income Based system ("GIBS"). The GIBs also received an increased deduction for mortgage payments. Therefore, overall good news for those purchasing a new home or upgrading to their second, although note, however, that your housewarming parties may be a little more expensive, given the increase in import duties on alcohol, although, no doubt the parties will be worth it!

If you have any spare funds left over, it may be worth keeping a look out for the tax incentives which will be provided linked to an investment in the savings bank. Or, you can go old school and set up a life insurance policy or increase the premiums of your existing one as the tax saving on these are no longer capped at 17%.

In a nutshell, although not a flashy Budget, there are benefits to be had by most, if not all. I look forward to the housewarming party invites and with luck, maybe throw one myself.

