



Heading in the right direction Gibraltar Private Client Services



Gibraltar Finance Centre

Strategically positioned and economically sound

Over the last decade, Gibraltar has matured into an economically successful, diversified, low tax international finance centre, operating within, and with access to, the single market of the European Union.

As a separate and distinct British territory within the European Union, Gibraltar is a unique jurisdiction for the promotion and development of international business services and wealth management services for private clients. It has a common law legal system modelled on the British legal system, a competitive tax system, highly developed professional infrastructure and first-class financial services regulation.

Boasting over 300 days of sunshine, and sitting on the doorstep of Spain's popular leisure industry, Gibraltar offers an enviable lifestyle which continues to attract both professionals and clients in large numbers.

Gibraltar is subject to high quality financial regulation, with robust anti-money laundering legislation in place. It is on the OECD white list of jurisdictions, committed to exchange of information and transparency. This affirms Gibraltar's position as a mature and secure financial centre.

The Gibraltar Government has undertaken to maintain Gibraltar's tax competitiveness with the introduction, in January 2011, of a low corporate tax rate of 10% and a wide ranging taxation framework which modernises the tax system and provides greater clarity for tax payers.





The economy is well diversified and has more than doubled in the last ten years. All the macroeconomic indicators go on showing that the economy continues to perform very well. The Government remains committed to making Gibraltar a model jurisdiction and continues to invest through an intensive capital investment programme in a significant number of infrastructural projects to physically modernise Gibraltar, its public amenities and services.

It's not just finance. Tourism, shipping and online gaming are also important contributors to the local economy. The majestic Rock of Gibraltar with its famous apes continues to attract a multitude of tourists and is an important cruise liner destination. The Port of Gibraltar, guarding the entrance to the Mediterranean and at the centre of one of the world's busiest shipping lanes is the biggest bunkering port in the Western Mediterranean. In online gaming, the jurisdiction's policy of only licensing a small number of well known responsible gaming operators has made it into a premier location attracting some of the world's leading online gaming companies to base themselves in Gibraltar.

A powerful tax package

A tax efficient environment for both companies and individuals



With the corporation tax rate settled at 10% and no tax on virtually all investment income, the Gibraltar tax regime provides significant opportunities for individuals and entities operating from Gibraltar to become tax efficient.

Gibraltar has never had capital gains tax or VAT, but the Income Tax Act 2010, which came into effect on 1st of January 2011, also exempts interest and royalties from taxation. The Act completely revamped Gibraltar's tax system but retained the exclusion from tax of income derived from activities which are exclusively carried out outside Gibraltar. Dividends are not taxed when received by a Gibraltar company or non-resident shareholder although only dividends from listed companies are exempt from tax for resident individuals.

As a member of the EU, European Union Directives apply in Gibraltar and are transposed into local law. As a result, Gibraltar companies can take advantage of directives like the Parent Subsidiary Directive and Interest and Royalties Directive so that, subject to anti-avoidance legislation, withholding tax is not charged when dividends, interest or royalties are paid from EU subsidiaries to a Gibraltar company.

10% corporate tax, no VAT, no capital gains tax.

Private Wealth Management

Protecting the family silver

Gibraltar has been serving private clients for over half a century. With a plethora of international private banks, all providing bespoke investment management solutions, a tax efficient environment and a host of professional services, the private client looking for an efficient and effective solution to his wealth management needs will find Gibraltar an attractive partner.

Gibraltar professionals know how to look after their wealthy clients. Whether it's developing an investment strategy, monitoring performance, providing business advice or succession planning, the private client will find a knowledgeable professional keen to listen, understand the issues and assist in developing tailor-made solutions.

As a small jurisdiction, Gibraltar professionals regularly work with each other and have developed strong personal relationships across all disciplines. The private client can easily tap into these networks making it very simple and enjoyable to do business in Gibraltar. Gibraltar is all about relationships and new arrivals to Gibraltar can be forgiven for thinking they have been here for years.

Gibraltar professionals know how to look after their wealthy clients.



Special status for High Net Worth Individuals

Open door for relocation

Gibraltar offers special tax concessions to High Net Worth Individuals who want to establish residence here. Category 2 Individuals are only taxed on the first £80,000 of income remitted to Gibraltar, with a minimum tax payable of £22,000. The maximum tax payable if the full £80,000 or more is remitted to Gibraltar would currently be around £29,800 (2012-2013). Only income actually received in Gibraltar is subject to tax, although an individual may elect for all his income to be subject to tax.

When combined with no wealth tax, no capital gains tax and no inheritance tax, it can be seen that Category 2 status affords good opportunities for tax efficient structuring of an individual's affairs.

To qualify for this special tax status the prospective applicant must satisfy the Finance Centre Director in Gibraltar that he or she has net assets in excess of £2million.

The successful applicant will also have to find what is deemed by the Category 2 Rules as "Approved Residential Accommodation". This must be of a high standard and be available to the applicant exclusively, throughout the year. To the Category 2 Individual's advantage, there is no requirement dictating the number of days that the applicant needs to actually reside in this accommodation in a tax year. Such accommodation can be purchased or rented, and can be found after the application has been approved in principle.

A Category 2 Individual may engage in a trade, business or employment in Gibraltar as long as permission has been granted by the Finance Centre Director. This is designed to ensure that Category 2 individuals do not directly compete with local businesses operating within Gibraltar.

No wealth tax, no capital gains tax and no inheritance tax.



Gibraltar companies

Tax efficient and cost effective



A Gibraltar company can be a very tax efficient and cost effective way for private clients wanting to either hold assets or investments, or to carry out international trade.

Although all companies managed from Gibraltar are tax resident and subject to tax at the corporate rate, because Gibraltar operates a territorial tax system, only profits from activities carried out within Gibraltar are subject to tax. This along with no VAT, no tax on capital gains, no tax on dividends, interest or royalties, and the fact there are no withholding taxes on dividends to non-resident shareholders, make Gibraltar companies very attractive vehicles.

A Gibraltar company can be fully managed and controlled from Gibraltar with a board of directors resident in Gibraltar without rendering foreign sourced income subject to taxation.

Every company must have a registered office in Gibraltar at which the statutory books of the company must be kept and each company is required to submit an annual return to the Registrar of Companies, which contains details of the shareholders, directors and the capital of the company. The information available at the Registry is open to public inspection. The actual beneficial ownership of a company may, however, be kept confidential through the use of nominee shareholders.

All companies are also required to file accounts with the Registrar. The extent of information that is required to be filed will depend on the size of the company. Small companies only require an unaudited abridged balance sheet (one-page) to be filed. Audits (for small companies as defined by EU standards) and tax returns are only necessary if the company has income subject to tax in Gibraltar.

Gibraltar company law offers great flexibility in various corporate matters, for example, companies can be easily domiciled into and out of Gibraltar, capital reduction can be carried out without difficulty and the liquidation process is straightforward.

The most common uses of Gibraltar companies are as follows:

- Ultimate or intermediate holding company
- Investment holding company
- Group service company
- International trading company
- Intellectual property holding company

Gibraltar trusts

Effective estate and tax planning



Gibraltar applies the law of equity which means trusts can be established. The most popular trust used in tax planning is the Discretionary Trust. This is because with a Discretionary Trust, Trustees are given wide discretionary powers so as to take account of changing circumstances.

Under Gibraltar's Income Tax Act 2010, the income of a trust, where the beneficiaries are non-residents of Gibraltar, is exempt from all Gibraltar taxation. Distributions to non-resident beneficiaries are not subject to taxation and for these purposes Category 2 status individuals are deemed to be non-resident.

Gibraltar has extensive trust legislation which is based almost exclusively on the trustee laws of the United Kingdom and UK case law applies to Gibraltar. This presents a settlor of a trust with a very favourable jurisdiction for the setting up of a trust. The benefits of setting up a trust in Gibraltar include the following:

Confidentiality

Except for asset protection trusts, there are no filing requirements and no information needs to be disclosed to any authority as long as no liability to Gibraltar tax arises.

Tax planning

Once you set up a trust, you no longer own the assets settled. This may allow you to mitigate taxation in certain situations.

Succession planning

In cases where the settlor is concerned that children or grandchildren could be at risk if they inherit or receive too much too soon, a trust can be set up to ensure that assets are not passed on to the beneficiaries until they reach adulthood.

Asset protection trusts

Gibraltar allows the establishment of Asset Protection Trusts. Properly set up, these trusts can protect assets settled into the trust from subsequent creditors of the settlor who are seeking to enforce a judgement against the settlor rendered in the settlor's home country.

Investment funds

Efficient investment vehicles

Gibraltar offers several options for the quick and efficient set up of investment funds for private clients. The most popular vehicle is the Experienced Investor Fund, or EIF as they are commonly known, designed for professional, high net worth or otherwise experienced investors.

Investors in these funds must have a net worth in excess of €1,000,000 or invest a minimum of €100,000 in one or more EIFs or invest a minimum of €50,000 and is professionally advised in writing to invest in an EIF. There is a quick and straightforward set up process. For authorisation to trade, the administrator of the EIF must notify the Gibraltar Financial Services Commission (FSC) within 14 days of establishment and submit the fund's prospectus with counsel opinion that the fund complies with the relevant provisions of the Act and Gibraltar EIF Regulations.

The EIF must be administered by an approved professional fund administrator, and its directors have to be pre-approved by the FSC. It must also have a custodian or prime broker.

A licensed EIF in Gibraltar will be exempt from all company and income tax on receipt of a certificate from the Commissioner of Income Tax.

These funds are increasingly becoming the preferred structure for family estates and trusts. They offer professionally managed investment structures, tailor made to the family's profile and objectives.

Asset managers also find funds attractive to pool investments and reduce administration costs.

Funds may be established as Protected Cell Companies with segregation of assets and liabilities in different cells allowing an umbrella structure with a number of sub-funds. This can be used by separate clients or by a sole client wishing to promote a number of investment strategies.

High regulatory standards combined with the flexibility of a small jurisdiction, and the availability of a quality infrastructure at a relatively low cost, is increasingly making Gibraltar an attractive fund location.

In addition to EIFs, private funds are often set up in Gibraltar. Private funds cannot be marketed and can only be offered to a restricted, defined, class of up to 50 investors. The fund is suitable in cases where the investors in the fund will only be friends, family or clients of the person establishing the fund. In such cases, private funds offer the advantage of being exempt from licensing requirements and running costs can be maintained at lower levels than is the case for EIFs. Private funds must remain private for a year from the date of offer but subsequent to that can be converted into an EIF or similar structure.



Deloitte's Private Client Services

Access to bespoke solutions

Deloitte is able to offer a wide range of services to private clients. Our efficient and cost effective solutions are always tailored to our client's specific needs. We are well known for the depth and breadth of our service and our collaborative approach to business. We provide a "one point of contact" service which acts as a gateway to the extensive expertise and resources that we have at our disposal as a member of the Deloitte worldwide network.

Our services cover the following areas:

Tax services

- Category 2 registration in Gibraltar
- Personal tax returns
- Tax planning.

Trust services

- Advice on setup and administration
- Accounting services
- Investment performance monitoring and benchmarking
- Cashflow management

Corporate services

- Setup and administration of companies in Gibraltar and other jurisdictions
- Administration of bank accounts
- Corporate secretarial services

Accounting services

- Regular accounting
- Consolidation
- Financial planning
- Investment performance monitoring and benchmarking
- Outsourcing

Family holding company or trading company services

- Audit and accounting
- Business and cashflow planning
- Tax planning
- Succession planning

Family office services

- General set up and administration
- Investment funds



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