

Gibraltar and Company Formation – Q&A



Does Deloitte offer corporate services?

Deloitte Gibraltar provides fiduciary services through its wholly owned and licensed subsidiary known as Merchant Corporate Services Limited (“Merchant”). The services offered by Merchant largely concentrate on the establishment and ongoing administration of limited companies, branches of foreign companies and trusts. These vehicles are used to achieve a vast range of outcomes, including tax efficiency and succession planning, investment and asset holding, trading entities, and as part of international structures. The majority of the entities that we administer are registered in Gibraltar; however we can assist in the registration of entities worldwide.

Merchant can draw upon our expertise in tax and accounting at

Deloitte and the further Deloitte global network to provide a fully rounded professional service offering to our clients.

What kind of companies do you set-up?

The main types of companies that are incorporated or registered in Gibraltar are private limited companies, public limited companies, protected cell companies and companies registered under Part XII or XIV of the Companies Act.

The majority of companies that we look after are private limited companies as this is the most commonly used vehicles to hold assets or carry on business.

If a foreign company establishes an operation in Gibraltar, does it need to be registered in Gibraltar?

Yes, the entity would need to be registered in accordance with either Part XII or Part XIV of the Companies Act 2014. Part XII refers to the registration of a branch, and this would be applicable where the entity is incorporated outside of the United Kingdom and Gibraltar and has a branch in Gibraltar. If this does not apply, it can registered under Part VII and would be known as ‘an overseas company’.

What is the process for company formation in Gibraltar?

The process of incorporation of a private limited company involves the subscription by the subscriber (the first shareholder) to the ‘Memorandum and Articles of Association’, which is basically the ‘rule book’ of the Company. These documents are delivered to Companies House in Gibraltar together with the particulars of the new company including details of the registered office, share capital and liability of the members.

The incorporation and administration of companies is a regulated activity in Gibraltar, Merchant holds a license under the Financial Services (Investment and Fiduciary Services) Act for Company Management. Our regulator in Gibraltar is the Financial Services Commission.

How long does the process take and how much does it cost?

The standard registration service offered by Companies House is three working days, however for an extra fee they can incorporate a



company on the same day if registration documents are delivered to them by midday. The standard cost of the incorporation of a private limited company is £1,400 and this is fully inclusive of disbursements including Companies House filing fees, legal fees and stamp duty. For an urgent same day service, the cost is an extra £200.

Do you have incorporated companies readily available for purchase?

Yes, we have 'shelf' companies readily available at no extra cost. These are very useful when time is of the essence, or if the client doesn't have any preference to the name of the Company. The name of the company can however be changed at any time via a special resolution of the shareholders and by submitting the relevant documents to companies house.

It should be noted that we require our due diligence procedures to be satisfied prior to the company being available for use by the client.

What due diligence requirements need to be met?

It is important to clearly document the rationale behind the structure that is being set up as well as verifying the identity of the beneficial owners. For individuals this is usually done by providing a certified true copy of their passport and proof of address (in the form of a utility bill dated within 3 months), a reference from their main banker, a professional reference from their lawyer or accountant, and a C.V. setting out their background. It is also essential to be able to demonstrate the source of funds and wealth relevant to the proposed activity of the Gibraltar company.

What services do you offer post-incorporation?

We can provide the full service - company administration and secretarial, tax advice, registration of the company with the employment service and anything in relation thereto, registration of the company with the tax office together with ongoing computations and tax filings, the preparation of financial statements and the implementation of corporate structures.

We can also act as Secretary and Nominee Shareholder, and assist in the appointment of a Gibraltar Corporate Director from a panel of licensed intermediaries. If an individual director is preferred, we can make introductions to suitable individuals.

What legal system does Gibraltar follow?

The law of Gibraltar is a combination of common law and statute, and is based heavily upon English law. On the 1st November 2014 the Gibraltar Companies Act

2014 came into play, replacing our previous 1930 Companies Act.

The purpose of the revision was largely to bring our company law in line with the requirements of modern day practice, but also to streamline the regulation of companies. The new Act incorporates a number of additions and amendments including the codification of processes that were already happening in practice, provisions equivalent to those in the 2006 Companies Act of England and Wales, together with EU Directives. We have a separate information sheet covering this topic if you would like to read further on this subject.

Is Gibraltar a Tax haven?

Gibraltar is not a tax haven; it is a low tax jurisdiction committed to transparency of information in relation to tax matters and cooperation with other tax authorities to eliminate tax evasion. Gibraltar is white listed by the OECD and as a member of the EU, Gibraltar is fully compliant with all EU directives. Gibraltar has numerous bilateral Tax Information Exchange Agreements (TIEAs) in place and has signed up to all international initiatives in this area. In particular Gibraltar has signed the Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange

of Financial Account Information (currently signed by 51 countries and commonly referred to as Global FATCA), IGAs in respect of FATCA with US and UK and has implemented EU Directive 2011/16/EU on administrative cooperation in the field of taxation (sometimes referred to as EU FATCA). On the 29th October 2014 Gibraltar passed the OECD Peer Review in respect of its procedures on exchange of tax information as “largely compliant” (equivalent to the rating received by UK and Germany).

What is the rate of tax for Gibraltar companies?

The corporation tax rate is set at 10% for Gibraltar companies. Gibraltar operates a territorial system of taxation referred to locally as the ‘accrued and derived’ principle, meaning that profits are only taxed when the profit making activity is within Gibraltar. If the profit making activity is outside of Gibraltar, then such profits would fall outside the scope of taxation.

Are there any other tax benefits for Gibraltar companies?

There is no capital gains tax, withholding taxes nor VAT. There is no tax on the receipt by a company of Dividends. Interest income is not taxed unless lending is a trading activity or if the interest is derived from inter-company loans and is in excess of £100,000 p.a. Bank interest

received is not taxable. In addition there are tax incentives for staff, in particular where staff possessing specialist skills needs to be relocated to Gibraltar.

Is Gibraltar an Island?

This is a common misconception, Gibraltar is not an island; it is a peninsular jutting off into the Straits of Gibraltar from the southern coast of Spain. The border to Spain can be crossed by car, bike or on foot, opening up a whole new country and Portugal is just a four hour drive away. Gibraltar has its own airport with up to 5 flights a day to the UK, and the international airports of Malaga and Seville are within a couple of hours drive away.

Why set up business in Gibraltar?

Gibraltar enjoys a strong regulatory framework and there are excellent support services available in the form of solicitors, accountants and bankers making it an efficient and enjoyable jurisdiction to do business. Practitioners in Gibraltar work closely together, joining forces to provide a professional and well-rounded service.

The Government of Gibraltar is committed to the development of the Financial Services Industry and will continue to invest in this industry and work to expand our service offerings.

Aside from the financial services

industry, Gibraltar is a great place to come and spend some time. Gibraltar boasts a wealth of military heritage, duty free shopping, a playful population of Barbary Macaques, and over 300 days of sunshine as just a few of the attractions. Just over the border in Spain are beaches, nature reserves beautiful towns and cities to be explored and 60 top class golf courses, including the 1997 Ryder Cup course at Valderrama which is only a 20 minute drive from Gibraltar.

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