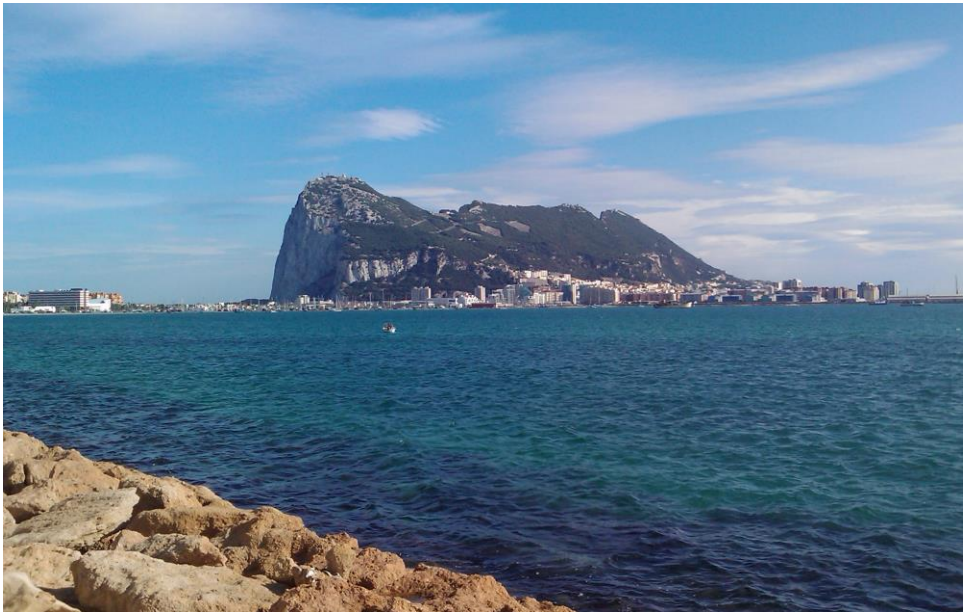


Gibraltar Corporate Tax

Powerful tax package for Gibraltar Companies



10% Corporate tax on Gibraltar sourced income and no tax on investment income and dividends.

Taxation of Income

Taxation in Gibraltar is assessed on income “accruing in or derived from Gibraltar” in respect of a business or trade or in respect of property (situated in Gibraltar) at a rate of 10%.

In determining whether or not profits of a company accrues in or derives from Gibraltar, the Commissioner will consider the location of the activities which give rise to the profits

Consequently, profits derived from activities based outside of Gibraltar will not be subject to taxation in Gibraltar, unless such activity is perceived by the Commissioner to be an extension of activities conducted in Gibraltar. The profit making activities of a regulated company that is

licensed to operate in Gibraltar will be deemed to accrue in and derive from Gibraltar.

The Income Tax Act 2010 also specifically excludes any income arising from the letting of property where that property is located outside of Gibraltar.

As of 1st July 2013 interest received or receivable from inter-company loans “accrued in or derived from” Gibraltar is subject to taxation in Gibraltar at 10%. A Gibraltar registered company is automatically deemed to have any intercompany interest income “accrued in or derived from” Gibraltar.

Where the interest received or receivable is less than £100,000 per annum, the interest will not be

subject to taxation in Gibraltar unless the income falls within the scope of trading income, as would be the case for banks, building societies, etc. Interest receivable from all connected companies will be aggregated for purposes of determining the £100,000 threshold.

As of 1st January 2014 royalty income “accrued in or derived from” Gibraltar is subject to taxation in Gibraltar at 10%. Royalties are deemed to “accrue and derive in Gibraltar” where the company receiving the royalties is registered in Gibraltar.

Excluded income

The following sources of income are excluded from corporate taxation in Gibraltar by specific statutory provision:

- Investment income from listed securities (except for banks)
- Dividends;
- Capital gains.

Withholding Taxes

There are no withholding taxes in Gibraltar.

VAT and Turnover Taxes

Whilst Gibraltar is part of the EU, at the time of the UK's accession, it was granted derogation from the implementation of VAT. Consequently there is no VAT or other turnover taxes in Gibraltar.

Other Taxes

There are no capital gains taxes, gift taxes, wealth or inheritance taxes in Gibraltar.

Double Tax Treaties & Tax Information Exchange Agreements

Gibraltar has no double taxation treaties nor exchange controls. Gibraltar legislation does provide for unilateral tax relief for foreign taxes suffered on income that is subject to tax in Gibraltar.

Gibraltar is committed to exchange of information and has currently signed TIEAs with 27 countries (USA, Australia, United Kingdom, Germany, France, Netherlands, Sweden, Norway, Belgium, Finland, Portugal, Austria, Denmark, New Zealand, Ireland, Iceland, Greenland, Faroe Islands, Malta, South Africa, Italy, Mexico, Turkey, Poland, Greece, India and Guernsey).

Gibraltar has also signed the EU Directive concerning the exchange of information on tax matters effectively extending a TIEA to all

EU countries as well as signing up to the Convention on Mutual Administrative Assistance in Tax Matters.

Anti-Avoidance

The legislation includes a general anti-avoidance clause as well as specific anti-avoidance provisions. Under the general clause, the Commissioner is entitled to disregard any arrangement that is artificial or fictitious, which is designed to eliminate or reduce taxation.

Specific anti-avoidance provisions apply in relation to transactions with connected parties. In particular, when the Commissioner invokes anti-avoidance in respect of an expense incurred in favour of a connected party, the amount of the deduction allowed in respect of that expense shall be the lower of (1) the expense, (2) 5% of gross turnover or (3) 75% of the pre-expense net profits.

Tax Returns & Payment of Tax

Companies are required to submit a tax return (including financial statements and other supporting documentation) within six months of their accounting year end.

Tax is payable in advance in two instalments, on 28th February and 30th September of each year (each payment will be based on 50% of the previous year's tax), with any balance being payable on submission of the tax return.

Companies may apply to make payments on account on the basis of their projected tax for the year but surcharges will arise if the amount paid is less than the final tax due.

European Union

As an overseas territory of the United Kingdom, Gibraltar joined the European Union with the UK

in 1973. As a member of the European Union, all EU directives apply to Gibraltar and Gibraltar licensed companies can passport their services to other EU countries without having to be separately licensed there.

All EU directives which Gibraltar is required to implement have been transposed into local legislation.

Stamp/Capital duties

Nominal capital duty of £10 is payable upon the initial creation of, or subsequent increase in the authorised share capital of a Gibraltar company.

Our services

Our tax services are designed to assist clients to take full advantage of tax legislation in support of their business objectives. The Deloitte office in Gibraltar has been advising companies on the use of Gibraltar structures for many years and offers a full advisory and compliance service.

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