



# Tax facts

## A summary of the recent tax changes announced in the Gibraltar Budget 2021.

### Corporate Tax

#### Corporate tax rate

- The rate of corporate tax in Gibraltar is increased from 10% to 12.5%.
- The increase in the corporate tax rate is effective from 1 August 2021.
- If a company's financial year includes 31 July 2021, the new 12.5% corporate tax rate will be applied solely to those months in the company's financial year from August 2021 onwards.

#### Capital Allowances

- Capital allowances will change as follows up to 30 June 2023:
- First year allowances for plant and machinery to increase from £30,000 to £60,000 or 50% of the expenditure incurred, whichever is the highest. Full electric vehicles, if they are wholly or partly used in the business to generate income, will now fall within this definition.
- First year allowances for computer equipment to increase from £50,000 to £100,000 or 50% of the expenditure incurred, whichever is the highest.
- The pooling allowance to increase from 15% and 20% to 25% and 30% respectively, for persons other than companies.
- A 1% wear and tear allowance on the cost of acquiring a property (real estate) in which business is conducted. This allowance is not applicable to industrial buildings; the industrial building allowance is separate.

#### Allowances and Deductions

- The following allowances and deductions will be available up to 30 June 2023:
- A deduction against profits of 50% of the fixed basic salary of any new employee, who is employed after 20 July 2021.
- The allowance for training costs for qualifying companies is increased by 10% from 50% to 60%.
- An additional 50% of business marketing costs to be deducted against profits.

#### Other deductions

Expenditure on the installation of a solar energy system installed by a company or individual, will be granted tax relief at an increased rate; from 100% for Category A+ to 10% for Category F.

### Personal Tax

#### Increases to personal allowances and statutory minimum wage

- Single individual allowance from £5,600 to £5,685 per annum.
- Single parent family allowance from £5,690 to £5,800 per annum.
- Married couple allowance from £9,055 to £9,190 per annum.
- Nursery allowance from £5,400 to £5,480 per annum.
- Child studying abroad allowance from £1,355 to £1,375 per annum.
- Disabled person allowance from £9,475 to £10,000 per annum.
- Blind person allowance from £5,395 to £5,475 per annum.
- Dependent relative allowance (Gibraltar resident) from £335 to £400 per annum.
- Dependent relative allowance (non-resident) from £220 to £250 per annum.
- Statutory minimum wage to increase from £7.25 to £7.50 per hour.

#### Higher Executives Possessing Specialist Skills (HEPSS) individuals

The minimum salary requirement to apply for HEPSS status increases from £120,000 to £160,000 from 1 August 2021. Individuals currently holding a HEPSS certificate will be grandfathered for 2 years.

## Category 2 individuals

- The cap on taxable income increases from £80,000 to £105,000.
- The minimum tax payable by CAT2s increases from £22,000 to £32,000 per annum.
- Both changes to apply from 1 August 2021.

## Other

### Social Insurance Contributions

- Although not included in the Budget, but announced recently, is the increase in Social Insurance contributions.
- The weekly rate for employers is increased to £28 (minimum) and £50 (maximum).
- The monthly rate for employers is increased to £121.34 (minimum) and £216.66 (maximum).
- The weekly rate for self-employed individuals is increased to £25 (minimum) and £50 (maximum).
- The monthly rate for self-employed individuals is increased to £108.34 (minimum) and £216.66 (maximum).
- The weekly rate for employees is increased to £12.10 (minimum) and £36.30 (maximum).
- The monthly rate for employees is increased to £52.44 (minimum) and £157.30 (maximum).

### Import Duty

- Diesel fuel supplied to superyachts, jet-skis or pleasure crafts will attract 12 pence of duty per litre.
- 1/3rd reduction on the rebate on duties for other fuels supplied to superyachts, jet-skis or pleasure crafts.

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