

Gibraltar announces 2019 budget

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On 10 June 2019, Gibraltar's Chief Minister, Fabian Picardo, presented the 2019 budget. This Alert outlines the key tax proposals.

Corporation tax

As expected, the standard rate of corporation tax continues at 10%.

Consultation processes were announced to consider the introduction of:

- ▶ A notional interest deduction regime within the existing domestic corporation tax rules. This would align the tax treatment of the cost of equity with that of debt.
- ▶ Additional allowances for Research and Development expenditure incurred by operators in key economic industry sectors.

Personal tax - Gross Income Based System

There were no changes announced to the Gross Income Based System; the maximum effective (overall) rate remains at 25%.

Personal tax - Allowance Based System

There were no changes announced to tax rates or to the bandings under the Allowance Based System. Inflationary increases were announced for most allowances.

Taxpayers with assessable income (i.e., before allowances) of £11,450 or less will pay no tax (2018/19 - £11,200).

Social security

No changes were announced to employers' or employees' contributions to social security.

Import duty

Changes announced include the following:

	From	To
Cigarettes	£14 per carton	£14.50 per carton
Diesel fuel	37p per liter	40p per liter
Diesel premium	34p per liter	37p per liter
Petrol (unleaded 95 octane)	35p per liter	38p per liter
Petrol (unleaded 98 octane)	34p per liter	37p per liter
Unmounted precious stones (private importations, or importations without Business License)	Nil	12%
Works of art & collectors pieces (private importations of value over £1,000)	nil	3%

Gift aid scheme

The limit of gifts within the scheme is to be increased from £5,000 to £10,000. The Government is to consider how the rules can be simplified to encourage contributions under the scheme. (Gift Aid enables charities to reclaim the tax that was paid by contributors on amounts given to the charity).

The Chief Minister's Budget Address can be accessed [here](#).

For additional information with respect to this Alert, please contact the following:

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