

The position of GIBRALTAR in the International community.

Gibraltar is a British overseas territory located on the southernmost tip of the Iberian Peninsula and overlooking the Straits of Gibraltar, sharing a border with Spain to the north. Well connected with flights to Luton, Gatwick, Heathrow, Manchester and Madrid it is part of the EU, having joined the European Economic Community with the United Kingdom in 1973. Notwithstanding its being part of the EU, Gibraltar is outside the customs union and VAT area and is exempted from the Common Agricultural Policy. As a separate jurisdiction to the UK the Gibraltar Parliament transposes EU directives into local law.

The Organization for Economic Co-operation and Development (OECD) is an international organization of 30 countries that accept the principles of representative democracy and free-market economy. Out of work undertaken by the OECD to address harmful tax practices grew a requirement for countries to enter into Tax Information exchange Agreements (TIEAs). On 2nd April 2009, at the meeting of the G20 world leaders in London, it was announced that in its aim to strengthen financial supervision and regulation, action would be taken against non-cooperative jurisdictions, including tax havens. To ensure recognition as a cooperative jurisdiction requires a jurisdiction to qualify for appearance on a white list, which indicates that the Country has signed 12 or more TIEAs.

Gibraltar qualifies and is on the White List of Jurisdictions as set out by the OECD and G20. Like most countries, and in order to avoid discrimination against its own Finance Centre, it has waited for the establishment of “a level playing field” before actively seeking out partner countries with which to sign such agreements. This was achieved in March when Switzerland, Luxembourg and Austria, who as full members of the OECD had not yet themselves accepted the tax information exchange principle, did so.

Accordingly, in April 2009 the Government of Gibraltar declared a 20 November target date to sign at least 12 agreements and pass to the white list. Gibraltar has made a point of going for agreements the quality of which would not be doubted by the OECD and the financial communities at large.

To demonstrate its integrity and commitment in these matters Gibraltar has already negotiated and initiated several more TIEAs, which will be signed when the other countries complete their internal constitutional procedures for doing so.

Gibraltar has up to date signed 13 TIEAs with inter alia the following countries:

- United States of America
- Ireland
- Germany -United Kingdom
- Austria
- France

Gibraltar’s status therefore in the International community is well established. All of the professional services are offered to clients including major banking facilities, international accounting and auditing firms, lawyers, fund administrators and trust and company managers. The primary objective of all such organizations is to ensure that Gibraltar offers the highest

levels of professional service to clients. It caters to a sophisticated, specific-needs clientele - "quality rather than quantity".

Gibraltar is adopting a 10% corporation tax rate. The details of the new regime are still being developed and we will of course keep our clients notified of developments. This rate, which is already adopted for new companies trading in Gibraltar, combined with zero rates of VAT, offers attractive propositions to Corporations. Gibraltar being part of the EU can avail of the Parent Subsidiary Directive in structuring withholding tax relief. Indeed as there is no Wealth Tax, Capital Gains Tax, Gift Tax or Estate Duty in Gibraltar, high net worth individuals would find a high net worth tax status with a maximum tax liability for 2011/2012 of £29,880 a very attractive option.

Gibraltar is able to combine EU membership, a stable political and economic base, well regulated regime being endorsed by IMF and FATF, white list status, high levels of professional skills, easy access within Europe and a very attractive tax structure making it a very desirable jurisdiction to use in a variety of business scenarios.