

Tax Faculty – Newsletter 1/2024

Clarification of budget announcements

Date 24 July 2024

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In advance of the publication of the relevant bills to implement the announcements made during the 2024 budget, the Commissioner of Income Tax has confirmed the following:

1 *New corporate tax rate of 15 per cent*

The increased corporate tax rate of 15 per cent will apply to **all** entities with taxable profits in Gibraltar (except those that are subject to the higher rate of 20 per cent) and will apply to taxable profits with effect from 1 July 2024. Where a company's financial year end straddles the 30 June 2024, the taxable profits of the company are to be split on a straight-line apportionment, based on the number of days in the accounting period pre-1 July 2024 (taxable at 12.5 per cent) and 1 July 2024 onwards (taxable at 15 per cent).

2 *Increased audit threshold*

The Income Tax Office will apply the increase in the audit threshold for tax return filing purposes, from £1.5m to £1.75m of assessable income for a 12 month period, to accounting periods ending on or after 1 July 2024.

3 *Restriction on the utilisation of losses brought forward*

The Minister with responsibility for Taxation announced that the Government would be introducing legislation to restrict (but not eliminate) the utilisation of losses that are carried forward and this will be applicable to entities in the gaming and financial services sectors. The Commissioner has confirmed that the intention is to apply the restrictions to accounting periods ending on or after 1 July 2024. The legislation is expected in the coming weeks.
