

GIBRALTAR residency.

Introduction.

The status of High Net Worth Individual (HNWI) residency in Gibraltar was first introduced in 1992 by the Government of Gibraltar through the introduction of new low tax limits for HNWI's, in order to encourage wealthy individuals to acquire residential property in Gibraltar.

These rules promulgated under the Income Tax Ordinance, have been amended twice resulting in the current Qualifying (Category 2) Individuals Rules 2004. Although these rules revoke and replace the earlier rules they do not significantly alter the original concept of a HNWI as contained in the Qualifying (High Net Worth) Individuals Rules 1992. The term HNWI has therefore now been superseded by the term Category 2 individual.

Category 2 Individuals. (Cat2)

The change in legal status to Cat2 produced a number of changes to the conditions and procedures to make the new rules even more attractive a proposition to affluent men and women, particularly for individuals of countries where levels of personal income tax can be particularly high.

Qualifying criteria.

An individual may be classified under the Cat2 banner where he meets or undertakes to meet the vital requirement that approved residential accommodation in Gibraltar is available to him or her for exclusive use for the whole of the year of assessment. The year runs from 1 July until 30 June. There is no minimum residency requirement.

The other vital requirement is that the individual should disclose to the Government of Gibraltar that he or she has minimum net worth of £2 million. Evidence of wealth is important although it is not necessary for the individual to declare all worldwide wealth or earnings.

A Cat2 individual would not be able to engage in a trade, business or employment in Gibraltar.

A spouse or child of a Cat2 individual may also apply in their own right for Cat2 status. However this would only be advantageous if they receive substantial income in their own right.

Tax position.

Only the first £80,000 of income is taxable. The minimum income tax payable for the current 2011/2012 tax year is £22,000 and the maximum is £29,880. Only income received in or remitted to Gibraltar is taxable and therefore Cat2 individuals can earn foreign income which would only be taxable if received by the individual for his own use in Gibraltar but subject in any event to the maximum tax payable in the year of £29,880. In each year of assessment the

Cat2 Individual will have to make a return to the Commissioner of Income Tax. Income from bank and building society deposits and quoted investments are exempt from tax.

Wealth tax, Capital Gains tax, Donation and Succession tax.

There is no Wealth Tax, Capital Gains Tax, Gift Tax or Estate Duty in Gibraltar.

How to apply for Cat2 status.

Of course Fidux can give a complete service in acquiring such status. In outline an application for Cat2 status is made to the Finance Centre Director and a Qualifying (Category 2) Individual certificate under the Qualifying (Category 2) Individuals Rules 2004 of the Income Tax Ordinance will be issued. An applicant must submit a Curriculum Vitae detailing his qualifications and work experience and two references one of which must be from a Banker confirming that the individual's financial standing.

A copy of the applicant's passport must be included together with evidence of the ownership or rental of property. There are particular property developments within Gibraltar which have been identified by the Finance Centre Director as being suitable for these purposes.

A non-refundable application fee of £1,000 is payable on submitting an application. Residency is easily obtained once the Cat2 status has been granted. An application for residency is made under the Immigration Control Act. However, the process for obtaining residency differs somewhat depending on whether the Cat2 Individual is an EU National or a non-EU National.