



## **INTRODUCTION**

Gibraltar is a fully self-governing and fully self-financing British Overseas Territory to which the Treaties establishing the European Union apply, with only certain exceptions. As a generality, we are within the EU single market for the purposes of the free movement of persons, the freedom to provide services and the free movement of capital. We are not within the Common Customs Union and we do not have to apply a VAT regime. Thus all relevant EU Regulations apply directly to Gibraltar and all relevant EU Directives are transposed by Gibraltar's Parliament. This includes all EU measures on financial supervision and regulation, direct taxation and the fight against money laundering. Gibraltar has a diverse and prosperous economy. Our corporation tax rate is 10% and we have a progressive income tax system with a maximum rate on personal tax of 25%.

## **EXCHANGE OF INFORMATION UPON REQUEST ON TAXATION MATTERS:**

The following mechanisms for the exchange of information to the OECD standard apply in Gibraltar:

- Bilateral Tax Information Exchange Agreements with 27 countries
- Directive 2011/16/EU on administrative cooperation in the field of taxation, which was transposed in Gibraltar's Income Tax Act 2010 with effect from 1 January 2013 and which is effective between Gibraltar and all EU Member States.
- The OECD and Council of Europe Convention on Mutual Administrative Assistance in Tax Matters which was extended to Gibraltar with effect from 1 March 2014, providing for tax information exchange between Gibraltar and all countries and territories that have ratified the Convention.

Consequently Gibraltar has, pursuant to the various agreements and the Convention, exchange of information agreements to the OECD standard with some 77 countries and territories around the world; a small number of which are pending their ratification.

Gibraltar received a glowing review from the OECD on our record on exchange of information. The 115 page Phase 2 Review report found that we were Compliant (top grade) in 7 out of the 10 essential elements examined and Largely Compliant (second highest grade) in the remaining 3. Our overall rating was Largely Compliant; the same as eg the United Kingdom and Germany.

## **AUTOMATIC EXCHANGE OF INFORMATION ON TAXATION MATTERS:**

New companies will no longer have a traditional memorandum containing a list of objects. For new companies, it will Gibraltar has signed a FATCA Intergovernmental Agreement with the United Kingdom, and with the United States and has signed a formal commitment to the Common Reporting Standard on automatic exchange of information with more than 50 countries; with a further 30 countries expected to join.

In addition, Gibraltar applies the EU Savings Directive which first came into force in 2005.

## **INTERNATIONAL COOPERATION MORE WIDELY:**

Gibraltar regulatory, law enforcement and intelligence authorities work hand in glove with their United Kingdom and other international counter parties in the detection and prevention of crime.

Gibraltar has draconian all crimes anti money laundering legislation, systems and administrative practices in place deriving from all European Union legislation on this subject and in precisely the same manner as that extant in the United Kingdom. Our legislation, systems and administrative practices have been independently tested by independent reviews from the Financial Action Task Force, the International Monetary Fund and others and we have been found to have a robust arsenal not only just in place but crucially also in practice.

The Gibraltar Financial Intelligence Unit (which is responsible for, inter alia, the receiving and actioning of suspicious transaction reports) is a member of the international Egmont Group of Financial Intelligence Units and shares information systematically as well as spontaneously with all members of the Group around the world. Tax evasion, along with all other serious crime, is a predicate offence for money laundering and subject to suspicious transaction reporting.

The FATF recently revised their 40 anti money laundering principles and has urged countries around the world to ensure that their legislation and administrative practices match the new standards. Gibraltar is no exception and is well advanced on legislative drafting to put these new standards (as well as the future 4th anti money laundering directive) into effect. Gibraltar is also well advanced in the National Risk Assessment on anti money laundering; such assessments being also promoted by the FATF. Gibraltar will be peer reviewed (in the same way as large countries such as the United Kingdom) on the introduction and effectiveness of the new standards in due course.

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