



High Executive Possessing Specialist Skills (“HEPSS”)

Gibraltar tax status for certain executives

January 2023

About HEPSS status

HEPSS status is a tax status that can be obtained by Gibraltar employers on behalf of employees who meet the conditions set out under the High Executive Possessing Specialist Skills (“HEPSS”) Rules 2008 (the “HEPSS Rules”). The purpose of these rules is to attract executives with specialist skills to Gibraltar where such experience or knowledge is not already available in the jurisdiction.



WHO CAN APPLY?

A company can apply in respect of a prospective employee. The application needs to be made in writing to Gibraltar’s Finance Centre Director.

TAXATION OF HEPSS

A HEPSS individual’s taxable employment income is capped at the first £160,000 of assessable income for the year of assessment under the Gross Income Based system. Notwithstanding the temporary measures (below), this currently equates to a tax liability of £39,940 per annum (£3,328.33 per month). The cap on assessable income generally applies to income derived from employment with the employer under which the HEPSS certificate has been obtained, any other income (e.g., earned income derived from other employment, or from Gibraltar real property) would be subject to tax outside the HEPSS Rules. It should be noted that investment income, royalties, rental income from overseas real property and capital gains are not generally taxable in Gibraltar.

TEMPORARY MEASURES

In his 2022 Budget address, the Chief Minister of Gibraltar announced a temporary increase of 2% on all tax rates across all tax bands under the allowance-based system (“ABS”) of taxation and the gross income-based system (“GIBS”) of taxation. This measure is applicable for the next two tax years (i.e., tax years ending 30 June 2023 and 2024). Granted that the applicable tax for employees holding HEPSS status is calculated under GIBS, this temporary 2% increase will also apply. As such the maximum tax payable over the next two years amounts to £43,140 per annum (£3,595 per month).

CONDITIONS

Before granting a certificate designating an individual with HEPSS status, the Finance Centre Director must be satisfied that:



The individual will occupy a high executive or senior management position, possess specialist skills, and will earn more than £160,000 per annum. Furthermore, the applicant must prove that those skills are not readily available in Gibraltar and that they are important for the economic development and growth of Gibraltar; and



The individual must have available, for their exclusive use, approved residential accommodation in Gibraltar; and



The individual must not have been either gainfully employed or resident in Gibraltar in any part of the three years immediately preceding the year in which the application is made.

TERMS OF CERTIFICATE

A certificate becomes null and void and of no effect if:



Any information supplied in the application in relation to the above conditions (i-iii) was false or incomplete; or



Tax is not paid at the times specified in the HEPSS Rules; or



The individual no longer meets the conditions specified or ceases to be of good character and of a reputation that the continuance of the certificate would be damaging to the reputation of Gibraltar.

APPLICATION FEE

Every application must be accompanied by a non-refundable fee of £1,100.

HOW CAN DELOITTE ASSIST

Deloitte can assist in the preparation and submission of HEPSS applications. Our tax advisory services include the provision of Gibraltar tax entry briefings for prospective HEPSS individuals, as well as subsequent tax exit briefings should these be required. We can also assist with annual tax filing requirements.

Contacts



GAVIN GAFAN

Associate Director

Tel: +350 200 11252

gpgafan@deloitte.co.uk



VICKRAM KHATWANI

Director

Tel: +350 200 11251

vickramkhatwani@deloitte.co.uk





This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte Limited accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte Limited is a subsidiary of Deloitte LLP, which is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Limited is a company registered in Gibraltar with registration number 97704 and registered office at Floor 3, 120 Irish Town, Gibraltar, GX11 1AA.

Directors: A list of our directors is available upon request at our offices

© 2023 Deloitte Limited. All rights reserved.

Designed by CoRe Creative Services. RITM1287973