

STATEMENT BY THE GSLP/LIBERAL OPPOSITION

125/2008

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OPPOSITION NOTES WHITE ROCK LEAVES GIBRALTAR FOR MALTA FOR "LOW TAX COSTS".

The Opposition notes with regret the announcement by **Aon Insurance** Managers (**Gibraltar**) Ltd to redomicile part of its "White Rock" operation.

White Rock had two licensed PCCs in Gibraltar - White Rock Insurance (Gibraltar) PCC Ltd. and White Rock Insurance (Europe) PCC Ltd. The latter has reportedly enjoyed a high degree of success and has six active cells writing annual premiums in excess of US\$37m and gross assets of over US\$58.3m.

Reports appearing in industry journals in the past days reflect that the decision has, at least in part, been motivated by the fact that "...Malta will prove attractive to existing and new clients due to its low net tax costs...". This reasoning has been quoted in the reports of the move in the industry press.

The full reports can be viewed at the following links:

The Insurance Journal:

<http://www.insurancejournal.com/news/international/2008/10/28/95032.htm>

Insurance Business Review:

http://www.insurance-business-review.com/article_news.asp?guid=78C17C52-B7A9-47E7-A898-41D8C81014F8

The Opposition consider that this unfortunately is indicative of the fact that the delay by the GSD government in implementing or announcing a fixed date for the implementation of the 10% Corporation Tax is starting to have a negative effect on finance centre business.

This is clearly not a reflection of the Chief Minister's contradictory statements of last week, but more importantly a reflection of the failure by the government to act in having fixed the low tax rate sooner and the failure to provide certainty on the issue the implementation date for the reviewed 10% Corporation Tax (and the associated changes to rules on deductions etc).

Reacting to this, Shadow Minister for Financial Services, Fabian Picardo MP, said : "I am sure that the professionals who operate in the finance centre will do their level best to ensure that this is an isolated event and that we do not suffer further losses to financial services centres that have got their "low-tax" act together before the Gibraltar government has acted to preserve our competitive edge on corporation tax matters. Indeed, commenting recently on the presence of AON in Gibraltar since 1998, Mr Caruana himself said that this had, in part, been due to Gibraltar's "positive tax regime" *. Although I am sure we will be able to stem the tide, this departure in part reflects the fact that we are not getting it right quickly enough on the corporation tax issue and the "positive tax regime" aspect of our advantage is quickly evaporating. For too long the position has been in the air and we have not seen government be pro-active enough in dealing with the issue. Just the fact that the departure of one of the AON PCC's has been so widely reported is creating unwanted negative publicity in widely available industry journals."

* Note to editors: the statements by Mr Caruana quoted by Mr Picardo can be seen in the latest issue of the B2B Magazine of the Chamber of Commerce and at : http://www.gibraltar.gov.uk/int/Today/chronicle.asp?fld_ID=8033

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