

STATEMENT BY THE GSLP/LIBERAL OPPOSITION 134/2008

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Caruana's Corporate Tax Confusion not dealt with by Press Release of Insults

The Opposition notes the desperate and inelegant name calling in the latest press release issued by Mr Caruana's office on the issue of corporate tax.

The fact is that in 2003 both the GSD and the GSLP/Liberals went to the general election proposing implementation of the Government's proposal of a corporate tax rate of 0%. This had been the Government's proposal since July 2002, but the Government had not yet implemented the proposal or given a date for its implementation.

It was that failure by the GSD to implement or provide a date for the implementation of any changes to corporation tax rules which marked the difference between the GSLP/Liberals and the GSD. We were ready to implement a new corporation tax regime immediately in 2003 and the GSD has still not – 5 years later – implemented any new regime.

The regime that would initially have been implemented was therefore the GSD scheme, which they themselves had done nothing to bring about. That regime, as the GSLP/Liberal manifesto actually shows, was subject to change to allow for alternative revenue raising measures from the same source. Those changes would have been in close consultation with the professionals in the finance centre and would have included gradual increases in tax to reach an internationally competitive rate. This is not set out in the abbreviated list of policies which the Government has chosen to quote, but is clearly set out in the

relevant paragraphs in the manifesto – which the Government has – for their own self serving and politically duplicitous purposes – not quoted. [See the attached extract from the actual GSLP/Lib manifesto for 2003 which actually sets this out.] It is clear that Mr Caruana quotes selectively and in his interests, preferring to try to win an argument instead of getting at the truth and avoiding documents which are of no use to his argument.

Commenting on the insults and allegations made against him, by a faceless "government spokesperson", Shadow Minister for Financial Services Mr Fabian Picardo said:

"This is a typical GSD ruse to avoid dealing with the plain fact that the GSD have been in government for the past 12 ½ years and have not been able to deal effectively and timeously with the corporation tax challenges that have faced the finance centre in that time. In fact, since I was elected in 2003, I have been approached by a very large number of practitioners in the finance centre who are highly critical of Mr Caruana's administration of his financial services portfolio. The feedback from the finance centre to me has since then constantly been, both, that:

- (i) the zero tax policy should not be pursued; and*
- (ii) that Mr Caruana had been informed of this well before his ill-fated announcement in July 2002.*

Indeed, the latter is demonstrably true and shows that the falsehood lies on Mr Caruana's lips when he says that only one person advised the Government to pursue 'low tax' instead of 'no tax', namely Mr Revill. That is not true, and Mr Caruana knows it. His statements to this effect are therefore more than just disingenuous or misleading – they are an outright lie designed to mislead the Gibraltar public and practitioners in the finance centre in particular. This is scandalous."

Mr Picardo added:

"For all these reasons, it is clear that Mr Caruana's political credibility is severely tarnished and that his statements – whether on corporation tax or on the astronomical rate of service charges at Waterport Terraces – do not bear close scrutiny."

On the tone of the Government press release, Mr Picardo added:

"The fact is that Mr Caruana's press office is intent on a character assassination of each and every member of the Opposition, myself in particular, with the language employed in press releases from No.6 Convent Place reaching a ridiculous crescendo of despotic intolerance. Instead of applying his mind to what insults he will deploy next, Mr Caruana should be spending more time thinking about how he is going to undo the unnecessary confusion HE has given rise to on the date for implementation of the new "low tax" regime by saying one thing at an expensive dinner in London and another 48 hours later on GBC. That, and a reduction of the service charges at Waterport Terraces, would be more welcome by the public than his continued attacks on my political character. What is certainly positive is to see Mr Caruana re-reading our old manifestos. He tends to implement the policies that we set out in preference to his own, so perhaps he is already getting ready to plunder those of our policies he has not already stolen."

Finally, Mr Picardo added that he is grateful to Mr Caruana for his uncharacteristically remarks to the effect that he was a "leading candidate" for the GSLP.

ENDS.