

## Opposition Press Release 86 of 2010 : "Income Tax Amendment is Long Overdue"

The GSLP / Liberal Opposition considers that the publication by the GSD government of the consultation documents for a reform of the Income Tax Act is long overdue.

The publication by Government of the documents comes after the setting down of a further question in Parliament by the Shadow Minister for Financial Services, Mr Picardo asking Mr Caruana when the government was finally going to publish the legislation.

The Government had been promising the financial services industry that it would publish the very long over due legislation by last September. That date slipped and Mr Caruana then told Parliament that publication would occur before the end of 2009. When pressed further at the last meeting of the Parliament, Mr Caruana said that the legislation would be published before the end of this tax year, which is now just two weeks away.

Mr Picardo said: "Its about time that this Reform document should have been published.

This Reform is something we are having to do for EU reasons and not the Government's choice or policy and it is disengenious for Mr Caruana to now try to spin the reform in this way. The initial policy of the Government to reform the tax legislation was to choose a 0% of corporate tax, which was totally contrary to the suggestion now made by the present Chief Minister that this is part of a carefully crafted plan designed to re-position Gibraltar as a "financial services centre" as opposed to an "offshore tax haven". The financial services sector will nonetheless be disappointed that this draft Bill and the Consultation Document has not been published earlier. With the new corporate tax rate coming into effect for all companies from 1st January and already in place for new companies since last June, professionals who have to advise on the detail of tax structuring would have benefited from a longer period to study the proposed new legislation. It would also, no doubt, have been useful for financial services professionals to have had a longer lead in period before the implementation of the new measures for the purposes of marketing the new product."

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