



Gibraltar Society of Accountants

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Tax Faculty – Newsletter 1/2018

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Various matters regarding Gibraltar taxation

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From recent communications between members of the Tax Faculty of the Gibraltar Society of Accountants and the Commissioner of Income Tax and his team, we can report the Commissioner's position on various matters discussed as follows:

1 Electronic filing of tax returns

Corporate Tax Return CT1 may be filed by email for a company by a statutory officer (director or secretary), shareholder or authorised agent of the company. A personal tax return (Form IT1P or Form IT1S) may be filed by email by the taxpayer or by their authorised agent on their behalf.

An electronic signature is acceptable.

The Income Tax Office reserves the right to require on request the original signed copy of the tax return being filed.

2 Payment and filing deadlines that fall on a public holiday

If a filing or payment deadline falls on a weekend or public holiday, the deadline for filing and payment will in practice be accepted as the first working day after the relevant weekend or public holiday.



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3 Tax filing for companies in Members' Voluntary Liquidation

We have been provided with the following confirmation:

"The Income Tax Office's practice regarding the filing requirements of companies in liquidation is consistent with the minimum filing requirements as stated in the Form CT1.

The company must comply with the filing requirements of S.29 ITA 2010 until such time as the liquidation process commences. The ITO takes the appointment date of the liquidator as the official commencement of the liquidation process.

A tax return is required to be filed for the period up to the date of appointment of the liquidator, together with accounts as required under the Income Tax Act 2010.

Once in the liquidation process, the filing requirements depart from that currently contained in S.29 ITA 2010. Under this administrative practice:

- Should the liquidation process extend beyond 12 months, a copy of the Liquidator's Progress Report is to be filed for each period of 12 Months while the liquidation process is active;
- For the period up to the completion of the liquidation by the Liquidator, the company is required to file a copy of the Liquidator's Statement of Account with the Income Tax Office.
- In the event that the company in liquidation has a taxable source of income in the relevant period, the company must file a detailed tax computation and make a payment of the tax due to the ITO to accompany its filing.

This practice shall continue until such time as the liquidation process is completed and the company dissolved.



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4 IFRS 16 “Leases”

IFRS 16 “Leases” is effective for periods beginning on or after 1 January 2019. Early adoption is permitted in some circumstances; and even where adopted, as with other changes to accounting policies, prior year adjustments may be required to financial statements.

At present, most operating leases are accounted for by simply allocating the lease or rental payments to the period to which those payments relate, and the cost is recorded as “rental expense” or similar.

IFRS 16 will result in much of the expense being recorded in the accounts as a combination of operating expenses, depreciation and interest expense. Depreciation is not a deductible expense under the Income Tax Act.

The Commissioner of Income Tax has confirmed that:

Where operating lease payments are made, which prior to FRS 16 would have simply been expensed as “rental expense”, and FRS 16 results in depreciation expense being recorded in respect of part of those rental payments, the total expense recorded in the period in respect of the lease payments will be treated as if it was rental expense.

Notwithstanding the above, the usual rules regarding deductibility of such expenses will still apply.
