

2008 BUDGET : SUMMARY OF MAIN POINTS & MEASURES

1. MAIN POINTS

- Economy grew by 9.5% in 2006, and 12.7% in 2007. 2007 GDP is £740 million.
- Record number of jobs in the economy: 19,696. Up by 1211 jobs in 2007.
- Public Borrowing at historic low of 12% of GDP
- Budget Surplus £15.1 Million, or 8 ½% of expenditure
- Massive capital expenditure programme for next 4 Years

On housing, roads, car parks, new air terminal, new schools, new mental hospital, new power station, urban waste water treatment plant , refuse incinerator, new court houses, new prison, Europa Point, Upper Town regeneration, new sewers and water/electricity distribution network and others

- Government to focus more aggressively on collection of all types of arrears
- All Social Security Special Funds to be merged into one Statutory Benefits Fund
- Government borrowing powers to be increased
- Broad ranging dialogue with Trade Unions on Public Sector reforms
- Occupational Pension reform and extension
- Inflation 2.6% in 2007, running at just over 3% in 2008.
- New Family Expenditure Survey starts in October.
- Gibraltar accounts for 20% of all jobs in Gibraltar and Campo combined
- Over 3000 Spanish workers in Gibraltar, as compared to 76,000 in the Campo.
- Public sector shrinking in relation to size of economy
- Tax burden falling significantly
- Gibraltar would be 9th wealthiest national economy in the world
- All time record visitors: 9,000,000. Up 15% last year.
- Record 227 cruise ships
- Record ship visits to port, and bunkers sold.
- Record levels of employment in finance centre

2. BUDGET MEASURES

- Further tax cuts for lower paid. No one earning less than £7500 will pay tax
- Working pensioners exempted from tax on first £20,000 of earnings
- Governments wants all employment to be eligible for Community Care
- Top tax rate falls to 38% for Gross Income Based System
- Mortgage Interest Relief to be limited to £300,000 maximum loans for new mortgages
- Life Insurance Premium tax relief to be capped at 1/7th of income instead of 1/6th
- New Life insurance policies will enjoy relief at basic tax rate of 17%
- Personal Pension Schemes to be tax deductible
- Proprietary directors and Shareholders may participate in company pension schemes
- All sex discrimination eliminated from tax legislation
- Social Insurance contributions maximum caps to rise 10%. Minimums unchanged
- Statutory Minimum wages to rise by 10% to £5 per hour from 1 January 2009.
- Corporation tax rate cut by 6% to 27% this year, from 33%
- Import duty up 5p per pack of 20 cigarettes
- Import duty up 3p per litre on petrol & 2p per litre on diesel
- New Carbon Emission based system for motor car import duty
- Electricity and Water tariffs to rise by 15%, to reflect part only of recent big rises in oil price. Government will subsidise the rest.
- Education: amount spent by schools on books and equipment per pupil will be doubled
- Elderly persons Minimum Income Guarantee increased by 6%