



GOVERNMENT OF GIBRALTAR
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Corporate Tax

Once again the GSLP resorts to “kicking sand into people’s eyes” as a reaction to being caught out. Their latest statement is a red herring, which does not address the Government’s central point.

The point is that Mr Picardo has repeatedly tried to make political capital against the Government by stating that the Government chose to pursue the “zero income tax” model against the advice of professionals, and that this was due to the Chief Minister’s arrogance and lack of leadership, when in actual fact this was also the GSLP’s policy. The political deception is thus self evident. So, if this was (as Mr Picardo asserts) arrogant failure to listen to the advice of the finance centre, it was committed equally by both Government and Opposition.

In fact, the truth is that contrary to Mr Picardo’s statement there was no failure to take the advice of the Finance Centre. The Government’s decision reflected precisely the view and advice put to it at the time by the Finance Centre Council. That advice, which the Government believes correctly reflected the needs of the finance centre at that time (in terms of prevalent business) was that Gibraltar was not then ready for the abandonment of zero corporate tax. Hence it was not then appropriate to elect “low” tax rather than “zero” tax. Only one member of the Finance Centre Council (MR Revill) argued the contrary at the time. The Finance Centre Council is the official body through which the Government seeks and establishes the views of the finance centre.

Outside of the Finance Centre Council, one accountancy firm published a letter in the Chronicle at the time advocating in favour of low tax instead of zero tax. One law firm expressed the same view. Neither firm represented the views expressed within the Finance Centre Council by the industry at large or even by the representatives on the Finance Centre Council of the accountancy and legal professions. Mr Picardo compounds his political deceit by now saying that the existence of these isolated views not expressed in the Finance Centre Council meetings with Government proves that the Chief Minister has lied when the Chief Minister said that the finance centre overwhelmingly advised in favour of zero tax, and that only Mr Revill had argued against in the Finance Centre Council. As the Chief Minister has said the Finance Centre’s overwhelming advice to the Government at that time was for zero tax.

Finally, there has been no selective quoting by the government from the GSLP election material. The Government's press release published the whole of the GSLP election leaflet from which the Government quoted. Furthermore, the GSLP's full manifesto, from which Mr Picardo now quotes does not help him. The Manifesto said that they would implement zero tax on 1 July 2004 and added: "We have a plan to put into place alternative revenue raising measures from the same source as at present without affecting individual tax payers".

Mr Picardo insults people's intelligence if he now argues that "alternative revenue raising measures from the same source" meant increasing the corporate income tax rate from zero to "an internationally competitive rate". That is not serious. Clearly "same source" meant companies, and "alternative" meant by means other than corporate income tax. And this is precisely what the Government itself did via the payroll tax.

Mr Picardo cannot expect to be allowed to cover up one deception with another. The Government is sorry if Mr Picardo believes that pointing out his inconsistencies and deceptions which mislead public opinion is "inelegant name calling". It would not be necessary if he kept to the truth.