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Gibraltar's tax case in the European Court of Justice

The Appeal hearing in Gibraltar's tax case in the European Court of Justice takes place on November 16th, before the Grand Chamber of the Court.

It will be recalled that the European Commission made certain decisions in relation to Gibraltar's tax system and powers, based on the State Aid principles of both regional selectivity and material selectivity. The Gibraltar Government won in the lower court on both grounds.

The EU Commission appealed, but only on the grounds of material selectivity. This ground no longer has any consequence for Gibraltar because it relates to a tax scheme that Gibraltar has not pursued.

Spain however, who had intervened in the case, has appealed the lower court's ruling on the regional selectivity ground. The Commission did not appeal this ground. Regional selectivity seeks to challenge Gibraltar's right to have a more favourable tax system than the UK's tax system.

While the consequences of defeat on this ground would be severe for Gibraltar, the Government is confident of success.