



GOVERNMENT OF GIBRALTAR

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Government Position UK Pensioners in Gibraltar

Following the abolition of tax on pension income by the GSD Government, people who live in Gibraltar and enjoy a Gibraltar old age pension or an occupational pension from a Gibraltar employer enjoy their pension tax free.

There are a number of people resident in Gibraltar who enjoy an occupational or old age pension in the UK and upon which they are liable to tax in the UK under UK tax laws.

There is nothing that the Gibraltar Government can do about UK tax liabilities. Recently, a number of public and private representations have been made to the Gibraltar Government suggesting that if Gibraltar had a Double Taxation Agreement with the UK then Gibraltar residents could receive their UK pensions free of UK tax, and thus enjoy the same tax free benefit as Gibraltar pensioners.

There is no merit in this view, which is incorrect. As the term “ Double Taxation Agreement” itself suggests, these agreements are entered into to avoid double taxation, that is to say the same income suffering tax twice, i.e. in both countries. No country, and certainly not the UK, would enter into a Double Taxation Agreement with Gibraltar to allow pension income that is taxable in the UK under UK law to be paid free of UK tax to a country (like Gibraltar) where it would pay no tax (because we do not tax pensions). These issues have already been covered in discussions between GOG and the UK Treasury relating to the exportation to Gibraltar of UK pension schemes.

Nevertheless the Government would be happy to work with the Pensioners Association, and approach the UK Government, in pursuit of any avenue that lawyers advise is open. For example, it may be possible to argue on behalf of Royal Gibraltar Regiment pensioners that even though their pensions are paid by the UK, they should be treated as Gibraltar pensions (like the pensions of other MOD employees in Gibraltar) because the job that earned the pension was carried out in Gibraltar. Such an argument would run counter to long established practice, but it may nevertheless be worth exploring.