



HM GOVERNMENT OF GIBRALTAR
Ministry of Education, Financial Services, Gaming, Telecommunications and Justice
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PRESS RELEASE

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Government publishes draft legislation in respect of certain imported pension schemes

The Government has published a Bill to amend the Income Tax Act 2010 in respect of certain pension schemes imported into Gibraltar. These schemes are generally known as Qualifying Recognised Overseas Pension Schemes (“QROPS”). The Bill has been eagerly awaited by the Gibraltar pensions industry.

The legislation, due to be taken to the Gibraltar Parliament within 6 to 8 weeks, imposes requirements, restrictions and taxation on QROPS. In particular the legislation proposes:

1. A maximum commutation of 30% of the pension fund.
2. A minimum retirement age of 55 (except in very specific circumstances relating to chronic ill health)
3. Taxation of 2.5% on distributions from the fund to beneficiaries of the imported pension scheme
4. Requirements to prevent an imported pension scheme being transferred to another scheme outside Gibraltar which does not comply with the original requirements
5. Retrospection to 6 April 2006 to enable the small number of pension schemes imported into Gibraltar since that date to comply with the requirements of other jurisdictions which allow exporting of pension funds.

These amendments do not affect the rules governing those occupational pension schemes which have been or may be established in Gibraltar where distributions are taxed at a zero rate.

The Minister with responsibility for Financial Services, Gilbert Licudi QC, said that this is an important piece of legislation for those in the finance centre industry involved in the administration of pension schemes. It opens up a line of business which has previously, in effect, been out of reach for Gibraltar. It will create work for

pension schemes administrators and will also create income from taxation for Gibraltar in respect of distributions from the imported pension schemes.

It is important to stress that these changes will not affect in any way the benefits which Gibraltar pensioners get from their current pension schemes. The proposals only apply to certain pension schemes established outside Gibraltar and which are subsequently imported.

Government is satisfied that these proposals provide a basis that is in consonance with the aims of those other jurisdictions which allow the exporting of pension funds. However, industry practitioners involved in the business of importing pension schemes to Gibraltar remain responsible for ensuring that their activities fall squarely within the rules applying in countries outside Gibraltar as regards pension transfers.”

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