



Income Tax Office

HM Government of Gibraltar

GUIDANCE NOTES

FOR

COMPANIES

December 2024

Guidance Notes – Companies

Introduction

The Income Tax Act (2010) the “Act” came into effect on the 1st January 2011 and as a limited company, the Act has a direct impact on when and how you submit your tax return and pay your taxes.

The guidance will help you understand your obligations under the Act. Also included are details of the surcharge and penalty structure that will be imposed if you do not comply with your obligations. Please note that this guidance is indicative only and is not a substitute or an alternative to the Act.

Basis of Assessment

The Act applies a current year basis of taxation to companies on their accounting periods.

Making a Return of Income

A company which has assessable income chargeable to tax under the Act for an accounting period must make a full and complete return of its income and settle its liability to tax by not later than 9 months immediately following the end of the month in which its accounting period ends. For example, if a company's accounting period ends on 30 June, the return must be made by not later than 31 March. A limited company registered with Companies House in Gibraltar is also required to make a full and complete return of its income in accordance with **Section 29** of the Act. The return must be made on **Form CT1** and must be accompanied by all the information and documentation requested therein, including signed accounts. When submitting your return, you must also pay the balance of any residual tax due, after setting off any payments made on account for that period.

Audited accounts must accompany your return if the company is in receipt of assessable income over a particular threshold. For accounting periods ending between 1 July 2015 and 30 June 2022, the threshold was set as £1,250,000 and was then increased to £1,500,000 for periods ending between 1 July 2022 and 30 June 2024, and then again to £1,750,000 for periods ending on or after 1 July 2024. For returns in receipt of assessable income below the threshold, unaudited accounts must be accompanied by an Independent Accountant's Report in accordance with the provisions of the Act.

A company is required to make a full and complete return of its income. This obligation exists even if the Commissioner has not issued it with a tax return. Failure to comply will result in the imposition of penalties as laid out in **Section 65** of the Act.

Penalties and Surcharges

All penalties and surcharges imposed by the Act are deemed to be part of the taxation due and shall be collected as such.

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Surcharge for late payment

Any amount of tax liability, whether a POA or an assessment balance, remaining unpaid, shall incur a 10% surcharge the day immediately after the due date. Any amount of tax liability, including the 10% surcharge remaining unpaid after 90 days from this date will incur a further 20% surcharge. See **Section 64** of the Act.

Penalties for not making a return or making a false return

If a company fails to submit a complete return by its respective due date, it will incur penalties in accordance with **Section 65** of the Act. With effect from 1 January 2025, the penalty amounts would be determined by the company's size as defined by Schedule 9 of the Companies Act 2014 as follows:

	Micro or Small	Medium	Large
Due on the day immediately after the return is due	£100	£750	£1,500
Due after 3 months from the return's due date	£450	£1,250	£3,500
Due after 6 months from the return's due date	£750	£2,000	£5,000

Prior to 1 January 2025, penalties were as follows for all companies:

- £50 on the day immediately after the return is due
- £300 after 3 months from the return's due date
- £500 after 6 months from the return's due date

If you make a false return of your income, you may also be liable to a fine of up to 150% of the difference in tax due. See **Section 66** of the Act.

Declaration of Dividends

Every company incorporated in Gibraltar that declares a dividend shall prepare and deliver a return via **Form CT2** to the Commissioner by not later than nine months from the end of the accounting period in which the dividend was declared. See **Section 59** of the Act.

Payments on Account (POA)

Upon declaring a taxable profit for a given accounting period, a company shall make a POA of its future liabilities in two equal instalments of 50% to be set-off against the tax due for an accounting period. See **Section 39.(4)** of the Act. POAs are due by 28 February and 30 September. See the table in **Schedule 10** of the Act for illustrative examples of the relevant accounting periods in which the payment should be made and against which ones the payment should be set-off against.

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Important Dates

These are the dates that you should note:

9 months after the end of the month in which the company's accounting period ends.

28 February

NOTE: Even in a leap year, the POA would still be due by 28th February and not the 29th

30 September

A complete Return submitted and any outstanding liability settled

1st POA for periods commencing between 1st October and 28th February

2nd POA for periods commencing between 1st March and 30th September

1st POA for periods commencing between 1st March and 30th September

2nd POA for periods commencing between 1st October and 28th February

Understanding payments on account

As an example, a company with an accounting period ending on 30 June submits its June 2023 return and pays its declared tax liability of £5,000 by 31st March 2024, thus avoiding penalties and surcharges. Having filed a return for a June 2023 yearend, two POAs would be created for £2,500 each and would be due by 30 September 2024 and 28 February 2025. Both POAs would then be allocated towards the tax liability for the period ending 30 June 2025. If the tax liability is eventually lower than the sum of the two POAs paid, the company would be credited for the difference and if it is higher, they would be required to pay the difference by 31 March 2026.

Reducing Payments on Account

If a company believes that the POAs for an accounting period will exceed the liability for that period, the company can apply to the Commissioner to have them reduced via the **Form CT4**. However, care must be taken when making such an application, for if the tax liability for the period is ultimately greater than the sum of the reduced POAs, surcharges will be applied on the difference between the reduced POAs paid and the lower of either the original POAs or half of the total liability for the period. See **Sections 39.(5) and 39.(7)** of the Act.

For example, a company reduces its POAs from £5,000 each to £3,000 each and pays accordingly. If they then file a return with a total liability of £8,000, they would incur 10% and 20% surcharges for the late payment of the £2,000 difference. If, however, they file a return with a total liability of £12,000, they would incur 10% and 20% surcharges for the late payment of the £4,000 reduced from the original POAs and would have to pay the additional £2,000 by the appropriate due date.

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Contact information

These notes are issued for guidance purposes only and therefore any enquiries should be directed to the Corporate Section of the Income Tax Office. Contact details are provided below:

Higher Executive Officer
Corporate Tax Section
Income Tax Office
St. Jago's Stone Block
331 Main Street
Gibraltar

Telephone number: 20074889

Email addresses:

corporate.enquiries@gibraltar.gov.gi for any corporate related queries

corporate.returns@gibraltar.gov.gi for the submission of CT1 or CT2 forms

corporate.certificates@gibraltar.gov.gi for the request of compliance or residency certificates for limited companies

Further guidance notes and other forms are available in the Gibraltar Government website at www.gibraltar.gov.gi/taxation