



Income Tax Office

HM Government of Gibraltar

SELF-EMPLOYED PERSONS

GUIDE TO SOCIAL INSURANCE

APPLICABLE AS FROM 1ST AUGUST 2022

(WEEK 6)

This guide is for general guidance only. It must not be treated as a complete and authoritative statement of the law on any particular case.

**Issued by:-
Ministry of Finance
Income Tax Office
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About this Guide

This guide tells you about your obligation as a self-employed person with regard to the Social Insurance Scheme, the calculation and deduction of earnings related contributions, the completion of relevant forms and remittance of contributions. For further information or advice, please contact the Contributions Section at the Income Tax Office on telephone number 20052737.

Further information about the Gibraltar Social Insurance Scheme is contained in the "The Guide to Social Insurance" (S.I.1). This guide is also available on the Gibraltar Government website at www.gibraltar.gov.gi.

Contribution week

A contribution week is a period of 7 days. The first contribution week in a contribution year is that starting on the day of the week on which 1st July falls. The last contribution week of the year contains 8 days (9 days in a leap year) and will cover the period 23 June (22 June in a leap year) to 30 June. (See Social Insurance Contribution Calendar at appendix 1).

Contribution year

A contribution year contains 52 contribution weeks. (See Social Insurance Contribution Calendar at appendix 1).

Who is regarded as self-employed?

Those persons who are in business for themselves and are gainfully occupied in employment in Gibraltar. All such employment is 'insurable employment'.

Every person who is in insurable employment is liable to pay social insurance contributions.

Social Insurance contributions are payments that go towards contributory benefits such as Old Age Pension, Death Grant, Widow's Benefit and Maternity Grant, and also towards health care (Group Practice Medical Scheme).

Registration as a self-employed person

A person who is registering as a self-employed person must meet the following criteria:

- (s)he is not a director of a limited company;
- (s)he is in business for him/herself;
- (s)he is not subject to the control of an employer;
- no one has the right to select, suspend or dismiss him/her from his/her business;
- (s)he does not provide a personal service to an employer in return for a remuneration;
- the hours (s)he works is not determined by an employer; and
- the work (s)he is engaged to do is not determined by an employer.

Registration forms can be obtained from the Income Tax Office.

Rates of weekly contributions

With effect from 1 August 2022, weekly rates of contributions payable are, subject to a maximum and minimum rate, earnings related. This means that the self-employed contribution will be based on a percentage of earned income.

Earned income is the amount of income earned from self-employment and which is included in the assessable income for tax purposes.

The rates payable are as follows:

20% of gross earnings subject to:

- a minimum of £28.50 per week; and
- a maximum of £50.50 per week.

| WEEKLY EARNINGS | WEEKLY RATE OF CONTRIBUTION |
|--------------------|-----------------------------|
| Up to £142.50 | £28.50 |
| £142.51 to £252.49 | 20% of gross earnings |
| £252.50 and over | £50.50 |

| MONTHLY EARNINGS | MONTHLY RATE OF CONTRIBUTION |
|---------------------|------------------------------|
| Up to £617.50 | £123.50 |
| £617.51 to £1094.14 | 20% of gross earnings |
| £1094.15 and over | £218.83 |

With effect from 1st August 2022, all self-employed persons with earnings are required to pay Social Insurance contributions at the rates specified above.

Calculation of contribution

The first contribution week in a contribution year always starts on the day of the week on which 1st July falls. The last contribution week of the year contains 8 days (9 days in a leap year) and will cover the period 23 June (22 June in a leap year) to 30 June. (See Social Insurance Contribution Calendar at appendix 1).

If two pay days fall in the last week of the year, the two payments must be added together to determine the amount of contribution payable. The contribution payable is subject to the minimum and maximum rate payable (as shown above).

Example

Contributions due are as follows:

| | | |
|----------------|----------------------|-----------------------------|
| Week No. | 52 | |
| Pay Day | Earned Income | Contribution Payable |
| 23 June | £150 | £30 (£150 x 20%) |
| 30 June | £110 | £22 (£110 x 20%) |

It is clear at this point that the total contributions due exceed the maximum weekly contribution rate. Therefore, the contributions due on the second pay day are

calculated by subtracting the contributions made on 23 June from the maximum weekly contribution rate as follows:

| | |
|---------------------------|--------|
| Maximum contribution rate | £50.50 |
| Less deducted on 23 June | £30.00 |
| Balance due on 30 June | £20.50 |

Contribution payable on weekly earned income

Example 1.

Weekly earned income amounting to £50.00: -

Contribution payable - £28.50 (minimum weekly contribution rate)

Example 2.

Weekly earned income amounting to £150.00: -

Contribution payable - £30.00 (£150.00 x 20%)

Example 3.

Weekly earned income amounting to £300.00: -

Contribution payable - £50.50 (maximum weekly contribution rate)

Contribution payable on monthly earned income

Example 1.

Monthly earned income amounting to £400.00: -

Contribution payable - £123.50 (minimum monthly contribution rate)

Example 2.

Monthly earned income amounting to £700.00: -

Contribution payable - £140.00 (£500 x 20%)

Example 3.

Monthly earned income amounting to £1200.00: -

Contribution payable - £218.83 (maximum monthly contribution rate)

If a self-employed person works only part of the month, the minimum and maximum contribution is based on the weekly contribution payable for the number of weeks or part thereof actually worked during the month.

| Actual number of weeks worked or part thereof | Contributions payable | |
|---|-----------------------|----------|
| | Minimum | Maximum |
| 1 | £28.50 | £ 50.50 |
| 2 | £57.00 | £101.00 |
| 3 | £85.50 | £ 151.50 |
| 4 | £114.00 | £202.00 |

For the following examples, please refer to the above table and Table 1 of the Social Insurance Contributions Calendar at appendix 1.

Example 4.

A self-employed person who commenced employment on 22 January and whose gross earnings for that month were £120.00.

Gross earnings - £120 over 2 weeks
 Contribution payable - (£120 x 20% =£48) - minimum £57

Example 5.

A self-employed person who commenced employment on 10 December and whose gross earnings for that month were £600.00.

Gross earnings - £600 over 4 weeks
 Contribution payable - (£600 x 20% =£120) - £120

Example 6.

A self-employed person who commenced employment on 17 March and whose gross earnings for that month were £1600.00.

Gross earnings - £1600 over 3 weeks
 Contribution payable - (£1600 x 20% =£320) - maximum £151.50

When contributions need not be paid

Self-employed persons are not required to pay contributions for any week in which they are not in receipt of earned income or profits derived from employment.

Payment of contributions cease when a self-employed person attains pensionable age (i.e. 65 for men and 60 for women).

Contribution credits

Who may get credits?

Provided that a person is not in receipt of any earned income or profits derived from employment, credits may be awarded in the following circumstances: -

- If incapacitated for work (sick), up to a maximum of twenty-six weeks in any one period. No credits will be given if a medical certificate is not submitted.
- If taking an approved course of training.
- Being totally and permanently incapable of work.

Application for credits should in all cases be made to the Income Tax Office, Social Insurance Contributions Section.

Self-employed person's obligations

A self-employed person is responsible for ensuring that:

- Details of the Social Insurance contributions paid are recorded in the Self Employed Social Insurance Contribution Schedule.
- Payments accompanied by the relevant payment advice slip are submitted by the due dates. (See appendix 2)
- Inspectors are allowed access to examine records and other relevant documents in order to ensure that the relevant provisions of the Law are observed.

A self-employed person is not relieved of his/her final responsibility if he/she delegates any of the tasks to an employee or agent.

Monthly remittances

All monthly payments must be paid to the Income Tax Office within fifteen days from the end of each month.

Payments are to be made online through our payment portal <https://tax.egov.gi>

Change of contribution rate

Under no circumstances should a self-employed person pay Social Insurance contributions at a rate different to the one specified in the Registration Certificate unless written authority has been issued by the Income Tax Office.

End of contribution year

The Commissioner of Income Tax will soon after the end of every contribution year make an assessment of the total amount of Social Insurance contributions payable for that year. Assessments will be based on the person's earnings and profits derived from self-employment and where it has been established that an overpayment or an underpayment of contributions has occurred, the Commissioner will proceed to either refund any overpayment or collect any underpayment.

For further information

If you are unsure about the meaning of a particular point in this booklet or require further advice, please phone the Contributions Section at the Income Tax Office Tel: 20052737.

APPENDIX 1

SOCIAL INSURANCE CONTRIBUTION CALENDAR

TABLE 1 - CONTRIBUTION YEAR WHICH IS NOT A LEAP YEAR

| Week No. | Contribution Weeks | Contribution Month | No. of Contributions | Week No. | Contribution Weeks | Contribution Month | No. Of Contributions |
|----------|--------------------|--------------------|----------------------|----------|--------------------|--------------------|----------------------|
| 1 | Jul 1 - 7 | July | 5 | 28 | Jan 6 - 12 | January | 4 |
| 2 | " 8 - 14 | | | 29 | " 13 - 19 | | |
| 3 | " 15 - 21 | | | 30 | " 20 - 26 | | |
| 4 | " 22 - 28 | | | 31 | " 27 - 2-Feb | | |
| 5 | " 29 - 4-Aug | | | 32 | Feb 3 - 9 | February | 4 |
| 6 | Aug 5 - 11 | August | 4 | 33 | " 10 - 16 | | |
| 7 | " 12 - 18 | | | 34 | " 17 - 23 | | |
| 8 | " 19 - 25 | | | 35 | " 24 - 2-Mar | | |
| 9 | " 26 - 1-Sep | | | 36 | Mar 3 - 9 | March | 5 |
| 10 | Sep 2 - 8 | September | 5 | 37 | " 10 - 16 | | |
| 11 | " 9 - 15 | | | 38 | " 17 - 23 | | |
| 12 | " 16 - 22 | | | 39 | " 24 - 30 | | |
| 13 | " 23 - 29 | | | 40 | " 31 - 6-Apr | | |
| 14 | " 30 - 6-Oct | | | 41 | Apr 7 - 13 | April | 4 |
| 15 | Oct 7 - 13 | October | 4 | 42 | " 14 - 20 | | |
| 16 | " 14 - 20 | | | 43 | " 21 - 27 | | |
| 17 | " 21 - 27 | | | 44 | " 28 - 4-May | | |
| 18 | " 28 - 3-Nov | | | 45 | May 5 - 11 | May | 4 |
| 19 | Nov 4 - 10 | November | 4 | 46 | " 12 - 18 | | |
| 20 | " 11 - 17 | | | 47 | " 19 - 25 | | |
| 21 | " 18 - 24 | | | 48 | " 26 - 1-Jun | | |
| 22 | " 25 - 1-Dec | | | 49 | June 2 - 8 | June | 4 |
| 23 | Dec 2 - 8 | December | 5 | 50 | " 9 - 15 | | |
| 24 | " 9 - 15 | | | 51 | " 16 - 22 | | |
| 25 | " 16 - 22 | | | 52 | " 23 - 30 | | |
| 26 | " 23 - 29 | | | | | | |
| 27 | " 30 - 5-Jan | | | | | | |

TABLE 2 - CONTRIBUTION YEAR WHICH IS A LEAP YEAR

| Week No. | Contribution Weeks | Contribution Month | No. of Contributions | Week No. | Contribution Weeks | Contribution Month | No. Of Contributions |
|----------|--------------------|--------------------|----------------------|----------|--------------------|--------------------|----------------------|
| 1 | Jul 1 - 7 | July | 5 | 28 | Jan 6 - 12 | January | 4 |
| 2 | " 8 - 14 | | | 29 | " 13 - 19 | | |
| 3 | " 15 - 21 | | | 30 | " 20 - 26 | | |
| 4 | " 22 - 28 | | | 31 | " 27 - 2-Feb | | |
| 5 | " 29 - 4-Aug | | | 32 | Feb 3 - 9 | February | 4 |
| 6 | Aug 5 - 11 | August | 4 | 33 | " 10 - 16 | | |
| 7 | " 12 - 18 | | | 34 | " 17 - 23 | | |
| 8 | " 19 - 25 | | | 35 | " 24 - 1-Mar | | |
| 9 | " 26 - 1-Sep | | | 36 | Mar 2 - 8 | March | 5 |
| 10 | Sep 2 - 8 | September | 5 | 37 | " 9 - 15 | | |
| 11 | " 9 - 15 | | | 38 | " 16 - 22 | | |
| 12 | " 16 - 22 | | | 39 | " 23 - 29 | | |
| 13 | " 23 - 29 | | | 40 | " 30 - 5-Apr | | |
| 14 | " 30 - 6-Oct | | | 41 | Apr 6 - 12 | April | 4 |
| 15 | Oct 7 - 13 | October | 4 | 42 | " 13 - 19 | | |
| 16 | " 14 - 20 | | | 43 | " 20 - 26 | | |
| 17 | " 21 - 27 | | | 44 | " 27 - 3-May | | |
| 18 | " 28 - 3-Nov | | | 45 | May 4 - 10 | May | 4 |
| 19 | Nov 4 - 10 | November | 4 | 46 | " 11 - 17 | | |
| 20 | " 11 - 17 | | | 47 | " 18 - 24 | | |
| 21 | " 18 - 24 | | | 48 | " 25 - 31 | | |
| 22 | " 25 - 1-Dec | | | 49 | June 1 - 7 | June | 4 |
| 23 | Dec 2 - 8 | December | 5 | 50 | " 8 - 14 | | |
| 24 | " 9 - 15 | | | 51 | " 15 - 21 | | |
| 25 | " 16 - 22 | | | 52 | " 22 - 30 | | |
| 26 | " 23 - 29 | | | | | | |
| 27 | " 30 - 5-Jan | | | | | | |