

## SOVEREIGN TAX SERVICES

### 2025 ANNUAL GIBRALTAR BUDGET

**ON 30 JUNE 2025, FABIAN PICARDO KC, DELIVERED HIS 14<sup>TH</sup> BUDGET SPEECH AS GIBRALTAR'S CHIEF MINISTER.**

**THIS WAS FOLLOWED UP ON 2<sup>ND</sup> JULY 2025 REGARDING TAXATION MATTERS, BY THE MINISTER FOR JUSTICE, TRADE AND INDUSTRY, NIGEL FEETHAM KC.**

#### BACKDROP & PUBLIC FINANCES

- The treaty negotiated with the EU (announced on 11 June 2025 – not yet signed or ratified) brings huge opportunities.
- 2024/2025 surplus of £9.782m, three times more than forecast.
- 2024/2025 revenue £813m, a new revenue record.
- 2024/2025 £474m income tax (personal £262m and corporate £212m) receipts, £70m more than estimated (£10m personal, £60m corporate tax). A historic milestone. Striking 37% increase in corporate tax since prior year.
- 2024/2025 £100m import duty, £5m more than estimated.
- 2024/2025 £11.5m tourist site receipts, over £2m more than 2023/2024.
- 2024/2025 £1.6m from personalised number plates (692 plates).
- Cash reserves currently at £268m.
- Savings Bank reserve increased to £83m.
- Of the £66m overspend, £36m relates to Health Authority, Elderly Care and Care Agency.
- Estimate surplus for 2025/2026 £5.3m.
- Annual 2024/2025 forecast GDP £3.1bn. 6.5% anticipated increase.
- Annual GDP per capita £96k (US\$132k) per person, second in the World rankings (below Luxembourg) and above Ireland, Switzerland and Singapore. Per capita in UK US\$53k, Per capita in Spain US\$35k.

#### TAX & FISCAL MEASURES

- No increase in personal or corporate tax rates.
- Social insurance cap increased by 5% on 1 July 2025, but social insurance rates remain unchanged.
- Creation of Business Transition Advisory Group announced. This will be chaired by Minister for Business, Gemma Arias Vasquez, to advise the Government on the implementation of the Transaction Tax (to replace import duties) and all the

relevant business considerations arising from the new EU treaty. To report to the Government by end November 2025.

- Transaction Tax rate once applicable - 15% first year, 16% second year, 17% third year. Some goods subject to EU reduced rate of 5% (e.g. children's clothes), super-reduced rate of 0% (e.g. food, medical equipment) and exemptions. Commitment to apply EU minimum.
- Possible changes to Stamp Duty on genuine family reorganisations during lifetime – Minister Feetham, Commissioner of Stamp Duties, and Commissioner of Income Tax to report to cabinet in the next 6 months.
- Category 2 status will remain for those who already have it, but future rights to settle in Gibraltar to be carefully considered. An Immigration Criteria Consultation Committee is to be established, to report to the cabinet by end of November 2025, on how best to reform entitlement to residency in Gibraltar in the future. Minister Feetham added to this, that this year consideration of what reforms and enhancement of the Category 2 and HEPSS status' are necessary to ensure that the regimes remain both competitive and compliant with international standards, reinforcing Gibraltar's status as a responsible and attractive jurisdiction for high-net-worth individuals.
- Tax refunds to be paid as soon as possible.
- Minimum wage to increase by 60p to £9.50 p/h (i.e. just over twice inflation) i.e. £18,525 pa (37.5hrs p/w).
- Old age pension and disability benefit increased by inflation at 3%.

#### OTHER BUDGET ANNOUNCEMENTS/COMMENTS

- The Gibraltar Contingency Council, jointly chaired by the Governor and Chief Minister, will carefully consider all aspects of the security implications of a totally fluid border.

- Will not borrow to fund pay increases to public sector workers, nor increase taxes to fund this. Must be met by day to day revenue. All public sector salaries will increase. Percentage increase dependent on level of earnings (between 1% and 5%). Highest benefits to lowest earners in the public sector. Total costs approx. £8.8m.
- Living Wage Commission to be formed, led by Sir Joe Bossano, to determine what a living wage for Gibraltar should be.
- Gibraltar e-gov membership pass will be launched, a digital service for citizens.
- Work is now commencing to equalise the entitlement to state pensions at age 60.
- Draft legislation to amend Marriage Act, to increase the legal age of marriage to 18 (from 16 years) to align with England and Wales.
- £6.3m approximate costs to date for McGrail Inquiry.
- Gibraltar to be removed from Spain's fiscal paradise list 'imminently'.
- £1.5m of £500m Covid debt repaid. Commitment to pay at least 10% of any annual surplus towards this debt.
- Yearly average 20 individuals unemployed (2024: 27). In June 2025 only 16 individuals.
- Tax avoidance bill (published on 10 April 2025) to be laid before Parliament soon.

Sovereign Tax Services is a trading name of Sovereign Fiscalis Limited, Sovereign Place, 117 Main Street, Gibraltar, Company Registration Number: 84307.



**Sovereign Tax Services**  
Gibraltar Budget 2025

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## **FULL BUDGET SPEECHES**

- The Chief Minister's Budget Speech can be read here:  
[The Budget 2025 – The Chief Minister's Address - 479/2025](#)
- The Minister for Justice, Trade and Industry's Address can be read here:  
[The Budget 2025 – Minister for Justice, Trade and Industry - 492/2025](#)
- The draft Estimate of Revenue and Expenditure for 2025/2026 is also available online:  
[Draft Estimates Book 2025-26.pdf](#)

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