

CATEGORY 2 STATUS

Tax-efficient residence & succession planning for HNWIs

General information

For individuals with substantial world-wide assets, Gibraltar offers fantastic tax and estate planning opportunities. If you would like to maximise your tax efficiency and protect your worldwide assets, considering relocation to Gibraltar may be the right option for you. Becoming a tax resident of Gibraltar under the Qualifying (Category 2) Individual Rules (“Cat 2”) is straight-forward and the benefits can enable you and your family to be sheltered from taxes elsewhere and a volatile global economic climate.

A bit about Gibraltar

Gibraltar is an attractive place to live and work in for individuals and companies alike. From the tax, legal and practical perspectives, it has become the jurisdiction of choice for many who would like to reap the benefits of a mature but growing economy and one of the very few places within the EU which offers favourable tax incentives for high net worth individuals (HNWIs). Gibraltar is an OECD white-listed jurisdiction. There is no capital gains tax, inheritance tax or Value Added Tax and other types of income do not fall within the scope of taxation.

Apart from the obvious financial benefits, becoming a Cat 2 resident will allow you to enjoy its proximity to the Costa del Sol’s sun-kissed shoreline and some of Europe’s leading golf courses, whilst maintaining a fundamentally British lifestyle.

What is Category 2 status?

Cat 2 status is a specific set of rules governed by the Ministry of Finance which provide individuals who possess substantial assets with the means to obtain residence in Gibraltar, allowing them to benefit from a favourable personal income tax system.

Once Cat 2 status is obtained, you can apply for

- a Gibraltar residence permit
- a Civil Registration Identity Card; and
- a Gibraltar driving licence.

To qualify for Cat 2 status there are a number of requirements which you must satisfy. These include the purchase or rental of a suitable property, the ownership of net assets of no less than £2 million and private medical cover to include Gibraltar. World-wide taxable income is capped at £80,000 irrespective of how much is actually earned throughout the year. The annual tax liability (paid by way of 2 payments on account during the tax year) ranges from a minimum of £22,000 to a maximum of £27,560 depending on individual personal allowances. It is important to examine the residence, migration and visa rules of your country, particularly if relocating from a non- EU jurisdiction, before considering this as an option.

What you can and cannot do

As a general principle, Cat 2 individuals should not obtain employment or carry out business which is in competition with an ordinary Gibraltar taxpayer. This applies to whether the individual is carrying out business personally or via a legal entity such as a company. However, many high net worth individuals who establish themselves in Gibraltar still want to continue their business activities. There are a number of activities which are permitted by the Ministry of Finance which allow individuals to continue with foreign business activities or other such activities that occur outside of Gibraltar.

The services we provide

We advise you throughout the whole process step by step; from initial plans, to application, and right through to obtaining your Certificate.

- Completion and submission of all relevant application forms;
- Completing and submitting applications to obtain a Gibraltar Identity card and driving licence (advisable);
- Finding you an appropriate property and liaising directly with local estate agents.

We can also provide you with advice on future succession and estate planning.

Contact

For more detailed information, please do not hesitate to contact:



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