The Castle Trust Group

Gibraltar – The QROPS Jurisdiction

- *History and constitution*
- *Brief history of QROPS*
- *Gibraltar Taxation*
- *Gibraltar Commutation and Drawdown*
- *Investment Direction*
- *Double Taxation Treaties*
- *Key Facts*

History and Constitution

Gibraltar is a self-governing parliamentary democracy. It joined the European Union in 1973 under Article 299 (4) of the treaty. Being under the dependency of the UK, all EU legislation is separately adopted into Gibraltar law. This therefore gives the advantage of providing a firm EU based business legal infrastructure. All fiduciary entities including banks, Trust companies and other regulated businesses are monitored and registered with the Gibraltar Financial Services Commission (FSC) which regulates to the highest EU standards equivalent to that found in the UK.

Since 2004 the Finance Centre Department continues to compile Gibraltar's portfolio investment position for submission to the IMF.

Gibraltar was the first offshore financial centre to introduce all crimes money-laundering legislation. It was among the first wave of countries and territories to be granted Qualified Intermediary status by the United States Internal Revenue Service in October 2000.

Gibraltar has probably experienced one of the most robust and comprehensive periods of HMRC review. So much so that HMRC has fully acknowledged Gibraltar Trustees' patience during discussions between the Gibraltar Government and HM Treasury since 2009.

Brief History of QROPS

Gibraltar was able to offer QROPS as far back as 2006 but as a result of the confusion surrounding the removal of Singapore as an HMRC recognised QROPS jurisdiction in 2009, Trustees in Gibraltar decided to voluntarily suspend the writing of new business until HMRC were completely satisfied with Gibraltar pension legislation.

The Gibraltar Association of Pension Fund Administrators (GAPFA) was formed in 2009 and members collectively requested the assistance of the Gibraltar Government to ensure Gibraltar was recognised as a compliant and acceptable jurisdiction for the receipt of UK imported pensions.

Regular discussions took place at the highest level between the Gibraltar Government and HM Treasury. Steven Knight was appointed Chairman of GAPFA in 2010.

On 22 June 2012, the long-awaited introduction of new Gibraltar tax legislation under Section 14 was passed in Parliament and came into operation on 28 June 2012.

To confirm explicitly HMRC's clear continued acceptance of Gibraltar QROPS, the Chairman of GAPFA wrote directly to HMRC on behalf of members who replied on 31 August 2012.

HM Revenue & Customs

Pension Schemes Services
FitzRoy House
Castle Meadow Road
Nottingham
NG2 1BD

Tel 0845 600 2622
Monday to Friday 9.00 to 17.00

Fax 0115 974 1480

www.hmrc.gov.uk

Mr Steven Knight
Gibraltar Association of
Pension Fund Administrators
932 Europort
GIBRALTAR

Date 31 August 2012
Our Ref QROPS/Misc
Your Ref

Dear Mr Knight,

Gibraltar QROPS

I refer to your letter dated 29 June 2012 written in your capacity as Chairman of the GAPFA. Please take this response as directed to you in that same capacity.

I can confirm that there is no HMRC objection to Gibraltar QROPS commencing or resuming the acceptance of transfers from UK registered pension schemes.

It is noted that the legislation has retrospective effect from 6 April 2006. This does of course mean that the taxation aspect must be applied to all payments made in respect of past as well as future transfers received.

I intend to write to all the existing Gibraltar QROPS separately along identical lines. In the meantime, I am sure you will communicate this response to the GAPFA to all its constituent members simultaneously, as far as is practically possible.

Yours sincerely

R. Evans

R Evans

Direct line 0115 974

Email: pensionschemes@hmrc.gov.uk

Information is available in large print, audio tape and Braille formats.
Type Talk service prefix number – 18001

A ***"Care, Compliance and Certainty"*** seminar was held for all Trustees and associated professionals which included presentations from the Gibraltar Minister of Finance, the Commissioner of the Financial Services Commission and Steven Knight, Chairman of GAPFA.

Friday 6th July, 2012 GIBRALTAR CHRONICLE 7

Money Matters By Peter Schirmer

QROPS code of conduct will give Gibraltar 'the moral high ground' pensions seminar is told

A code of conduct setting out the parameters for handling Qualifying Recognised Overseas Pension Scheme (QROPS) should be in place before the end of August and will follow a double-header of consultations among members of the Gibraltar Association of Pension Fund Administrators (GAPFA) as it

it doesn't take an Einstein to calculate that - with the blessing of the UK Taxman and the attraction of a 2.5 per cent tax rate – if even a third of the QROPS seeking a new home opt for out jurisdiction, fee earnings will be substantial. And the interest is already there, Financial Services Minister Gilbert Licudi told a seminar last week – held, by fortunate coincidence, of the

Financial Services Minister Gilbert Licudi and GAPFA chairman Steven Knight share amusement at one of Marcus Killick's dry (and always entertaining) remarks before last week's QROPS seminar

activity on the Rock would 'preserve the positive positioning of Gibraltar QROPS on an enduring and long-term

of Pensions Supervisors; but though at present there was very little regulation, it was important 'to get regulation

another jurisdiction which does not at least meet our standards on taxation and distribution. And it will also comply fully

Gibraltar Taxation

In this new legislation, a tax deduction of 2.5% on pension drawdown for imported pensions for both residents and non-residents of Gibraltar was introduced. The amending Act also provided for retrospective schemes imported since 2006 to comply with the requirements of other jurisdictions.

Pension Commencement Lump Sum (PCLS) and drawdown

A tax-free pension commencement lump sum (PCLS) of up to 30% is available from the age of 55 years, after five complete and consecutive years of non-UK residency.

On drawdown, an objective actuarial based approach is applied, which provides the highest possible compliant distribution serviced and approved by UK qualified actuaries.

Distributions are taxed at 2.5%.

The Trustees will withhold Gibraltar taxation and report this as appropriate to the Gibraltar Commissioner of Income Tax.

There are no other tax deductions in Gibraltar but beneficiaries residing elsewhere in the world will be taxed according to their country of residence.

Investment Direction

The Trustees have a number of options in terms of investment direction. They are able to delegate the power to invest to the member, a fund adviser or discretionary investment manager.

Double Taxation Treaties

There are currently no Double Taxation Treaties between Gibraltar and any other country.

Key Facts	
What is the maximum Pension Commencement Lump Sum (PCLS)?	30% of the fund value tax-free, after five complete and consecutive tax years of non-UK residency
What is the earliest retirement age?	55 years
How is the pension paid/determined?	By reference to the UK GAD rates or following UK Actuaries' independent advice
Is the pension distribution subject to Gibraltar taxation?	Yes, at 2.5%
Do pension benefits have to be crystallised by a certain age?	Yes, 75 years

The tax information is valid as at November 2014 but may be subject to change. The information contained herein is general advice and should not be construed as provision of detailed tax advice.

Issued by the Castle Trust Group
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