May/June/July 2021

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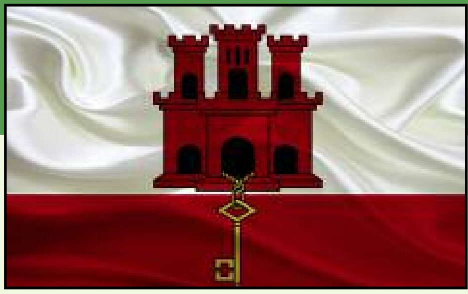

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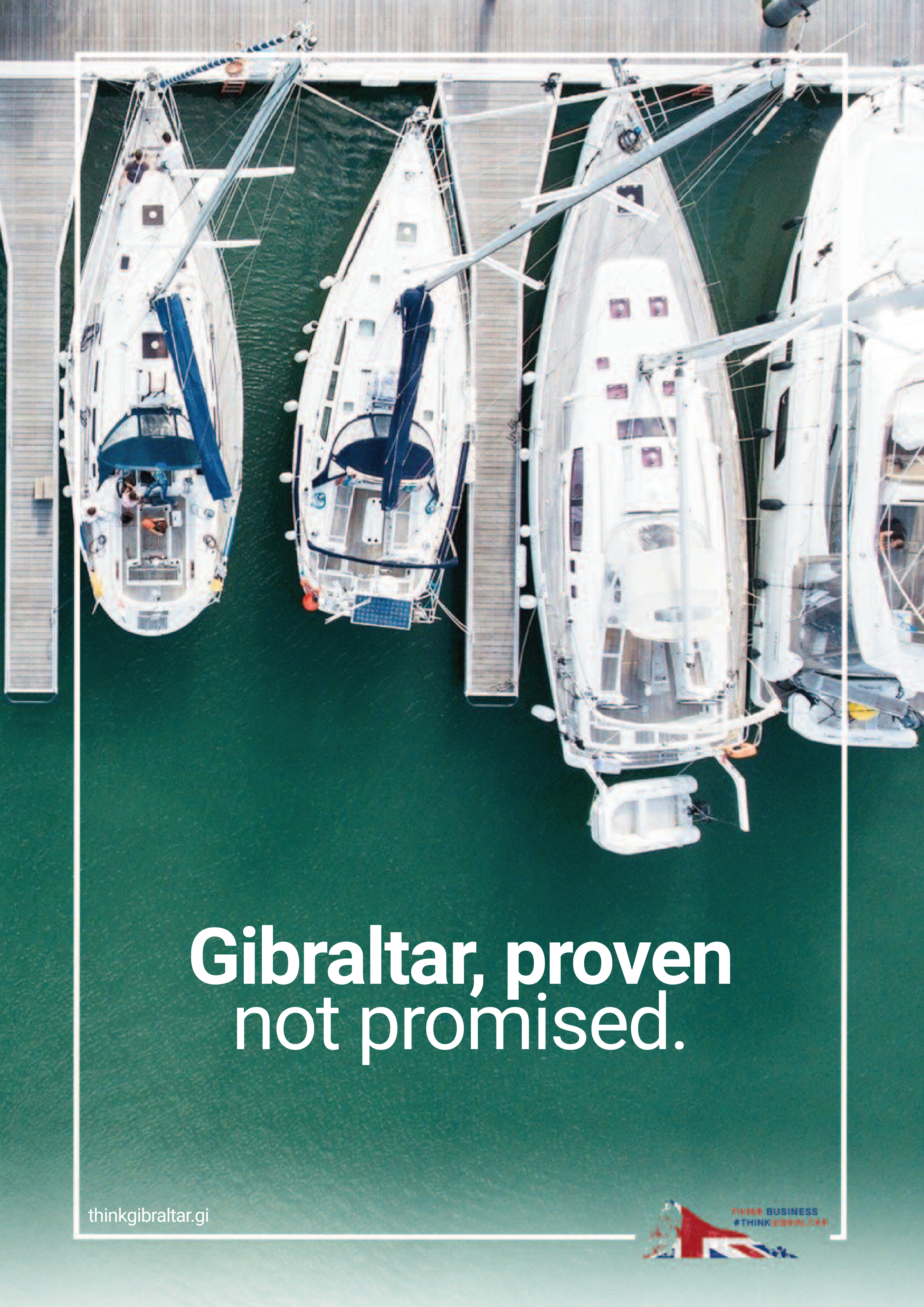
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BA to launch new London City Airport route to Gibraltar

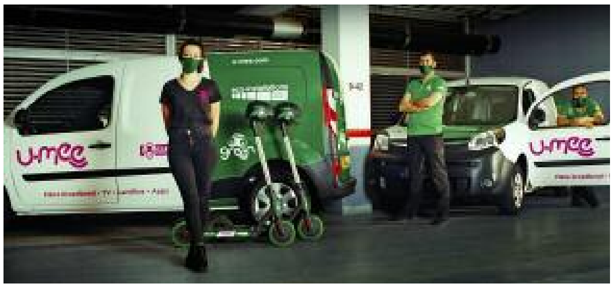
British Airways have announced plans for a new flight service from London City Airport to Gibraltar, commencing on 25th June.

The new route will initially operate twice weekly on Mondays and Fridays, with fares starting at £43 each way.

The new service will be operated by BA CityFlyer who commented that this was an important link for business travellers. Tom Stoppard, Managing Director, BA CityFlyer commented that it was great to launch this new service and added: "It's something customers have been asking us to do for quite a while." Both flights will be operated by BA's Embraer E190 aircraft.

The Minister for Business, Tourism, Transport and the Port said: "This is excellent news and continues to show the confidence that the industry has in Gibraltar as a destination. This service will complement BA's mainline services from Heathrow and the local business and financial services community will undoubtedly welcome a link to London's financial district".

u-mee leading the way with their Clean and Green service



Local telecommunications provider u-mee, part of the Sapphire Networks Group, is leading the way with its environmental friendly service Clean and Green, aimed at helping to make Gibraltar and the planet greener.

Their new fleet of vehicles are electric and support 100% emission-free targets for installations, home service visits and online order deliveries.

The group started carbon offsetting in 2019 and is now involved in planting trees to help recover the Amazon basin in Peru, using Verified Carbon Standard (VCS) approved carbon credits.

Water filtration systems have been installed in the groups offices combined with individual/personal cooling flasks, displacing plastic bottles used by the team previously.

u-mee has been 'paperless' with only digital invoices from the outset and online account management via their Control app.

Huobi Group donates $1 million to UNICEF

Leading global digital asset financial service provider Huobi Group have donated $1 million in Bitcoin (BTC) and fiat currency to UNICEF.

The donation will be used to help foster global blockchain developments and innovations with the potential to impact children and young people globally and will be made through its philanthropic arm, Huobi Charity Limited regulated by the Charity Commissioners of Gibraltar.

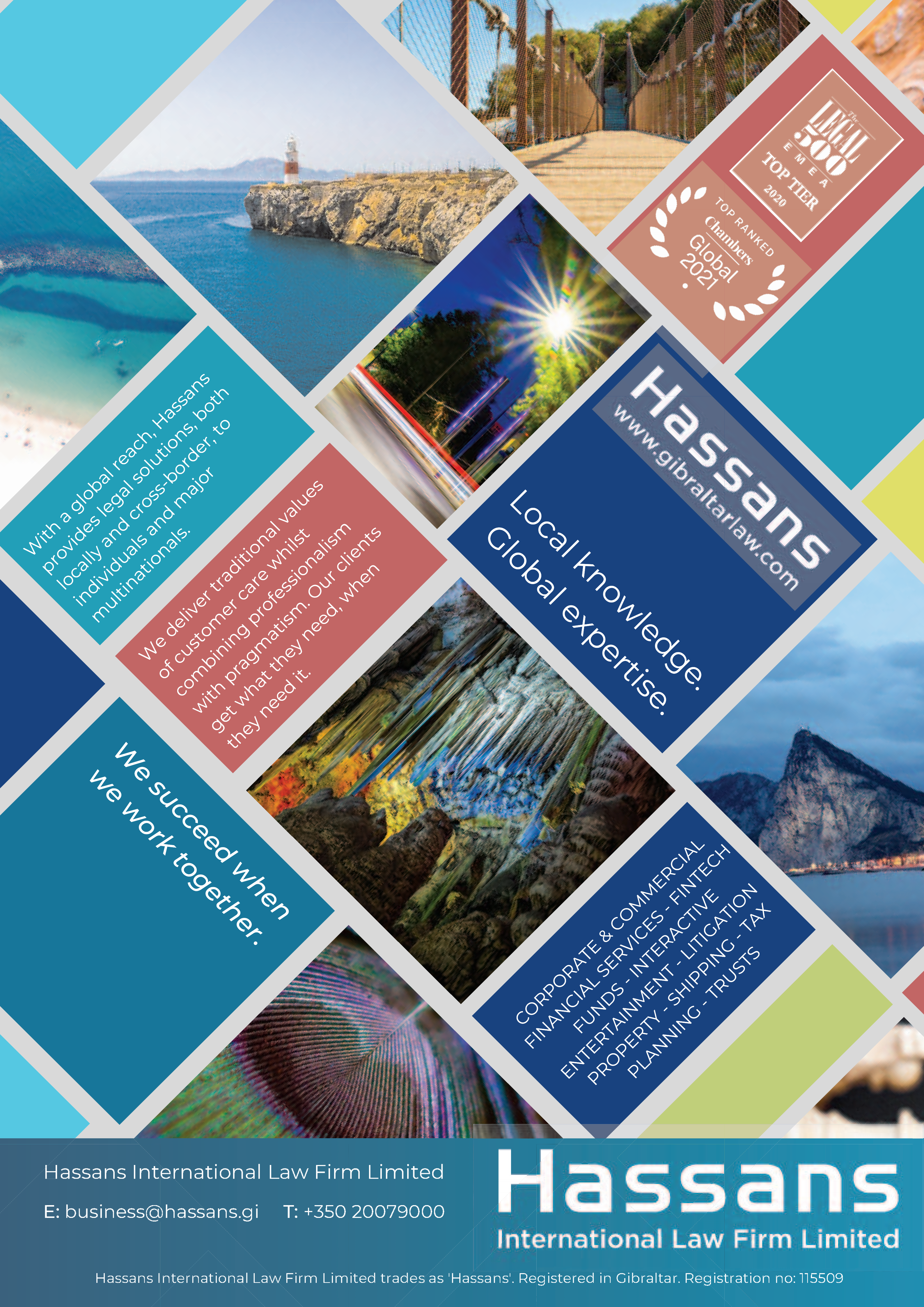
Funds will be distributed to the UNICEF CryptoFund, a new financial vehicle allowing UNICEF to receive, hold, and disburse cryptocurrency, and UNICEF's Innovation Fund, a pooled fund specifically designed to finance early stage, open-source technology that can benefit children.

Clubhouse Gibraltar Mental Health Week 2021

Gibraltar International Publications Ltd are pleased to further promote this year's Mental Health Week, run by local charity Clubhouse Gibraltar, as part of our continued support for the Mental Health Foundation.

The theme chosen for 2021 is 'Nature' and the charity will be running a number of scheduled events over the week from 9th - 14th May (please see page 28).

This year the charity have decided to change their colour from yellow to green, and 'Wear Green Day' is on Wednesday 12th May. Clubhouse Green T-shirts, sponsored by Casais are available at £5 each.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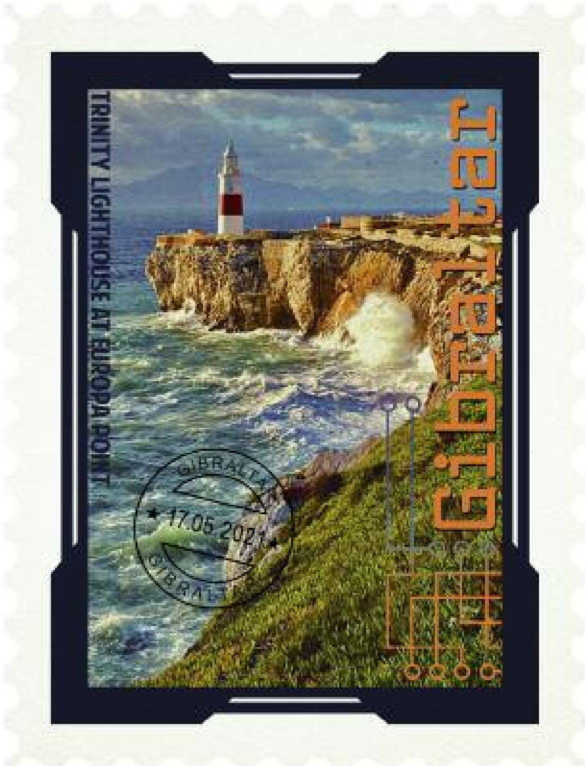
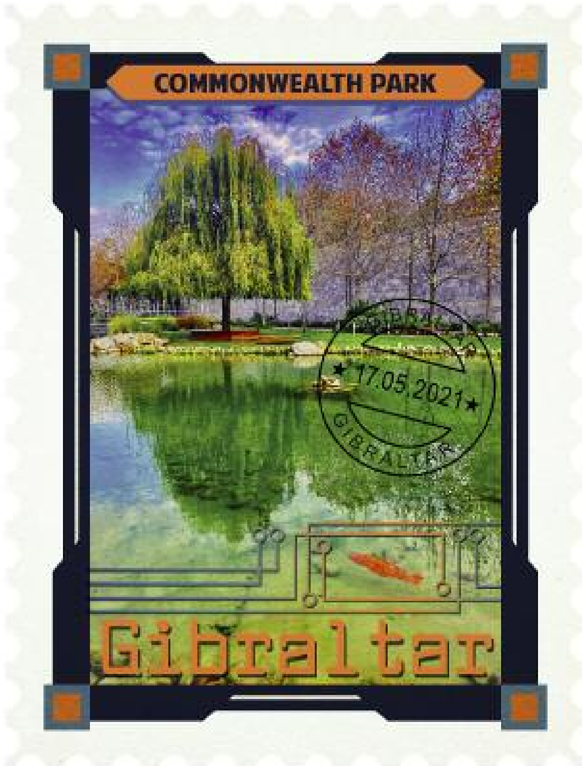
The launch of the Gibraltar Crypto Stamp





The release of the NFT stamp series is a landmark in Gibraltar's technological advancements, the Hon Albert Isola, Minister for Digital and Financial Services reports

NFTs, or Non-Fungible Tokens are digital assets that represent a wide range of tangible and intangible items, from digital artwork to virtual trainers. Each NFT is a verified file with its own identity and ownership. Thanks to blockchain technology, buyers of NFTs can become the immutable owners of such unique assets, holding the power to resell, should they wish to do so. In 2020, the total value of NFT transactions quadrupled to $250 million, and with the sale of the first ever digital artwork at Christie's closing for a staggering $69m in March, it is clear that NFTs are here to stay.

As the global leader in blockchain regulation, with a strong commitment to advancing the global understanding of blockchain technology, the Government of Gibraltar has built progressive industry leading legislative processes that make it a regulatory-friendly environment for the global blockchain and crypto community.

In celebration of the impact that blockchain technology is now having on the world and Gibraltar's status as a progressive regulatory jurisdiction, the Government of Gibraltar will release a limited edition 2021 commemorative 'Cryptocurrency' postage stamp series later this month. Eager to provide enthusiasts with a meaningful collectible, Gibraltar is hopeful for the potential for stamp collecting to be transferred to the digital world. The Gibraltar Cryptocurrency Stamp is available for purchase from the 19th May 2021 at www.wopa-plus.com/crypto

The issue of the cryptocurrency postage stamp is accompanied by an NFT counterpart, which is exclusively produced by Coinsilium Gibraltar, in collaboration with Vietnam-based RedFOX Labs. A total of 100,000 NFTs will be minted, representing two NFTs for each Crypto Postage Stamp issued. The NFT artwork will comprise a selection of exclusively commissioned iconic images of Gibraltar which follow the design theme of the

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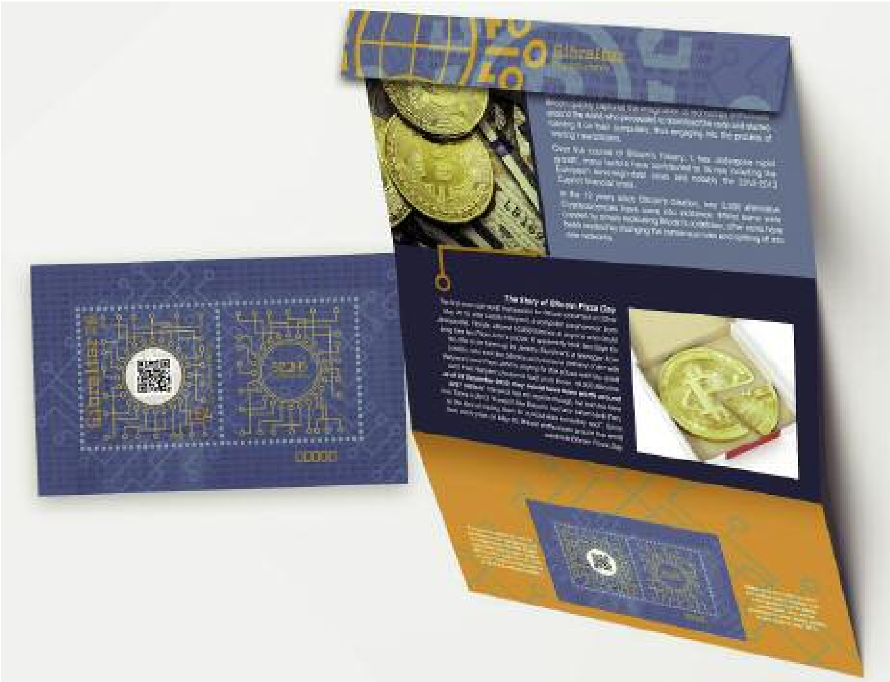

cryptocurrency postage stamp. The NFT images will be minted with varying levels of scarcity ranging from 'Common' to 'Mythic Rare', as individual constituents making up a collectible set.

Purchasers of the cryptocurrency postage stamp have first rights to reserve their NFTs, with an exclusivity period of approximately 8 weeks, prior to general release, which is slated for around mid-July 2021.

Bitcoin and Ethereum

The cryptocurrency postage stamp series is limited to 50,000 in total, 10,000 of which have been pre-reserved by the Gibraltar Philatelic Bureau Ltd. The GBPL accepts payments for the stamps in cryptocurrencies including Bitcoin and Ethereum, through a payments facility provided by Digital Asset Management Ltd in Gibraltar.

Commenting, Aaron Enriles, Managing Director, Gibraltar Stamps said: "We are delighted to be issuing a unique limited edition cryptocurrency postage stamp, celebrating this revolutionary technology. The crypto stamps will be sold to thousands of collectors worldwide and Gibraltar will be amongst a handful of countries to have ever issued a postage stamp in this innovative digital space."

This event poses as a landmark in Gibraltar's technological advancements, being the first of its kind to occur globally.

Gibraltar has long recognised the power of blockchain technology, this NFT sale has provided an opportunity to showcase the well-established legislative framework that it hosts for businesses that operate on Distributed Ledger Technology. The combined work of the Gibraltar post office and Coinsilium highlights how well blockchain technology is understood across various bodies and the appreciation for digital innovation.

Malcolm Palle, Co-Founder & Executive Chairman, Coinsilium said: "With the huge wave of global interest we are now witnessing in NFTs, the launch of the Gibraltar cryptocurrency stamp has provided Coinsilium with the perfect opportunity to showcase this exciting blockchain innovation within the traditional philatelic market, thereby broadening its appeal to a whole new generation of 'Digital Collectibles' enthusiasts. We couldn't be more proud and excited to be involved!"

NFT revolution

Minister for Postal Services the Hon Vijay Daryanani said "I am pleased to support this initiative between the Gibraltar Philatelic Bureau and Coinsilium Gibraltar on the launch of the Gibraltar Crypto Stamp. Gibraltar became the first jurisdiction to introduce a legal framework to licence and supervise the use of Distributed Ledger Technology (DLT) and is globally renowned for its commitment to creating a sustainable and secure regulatory framework for DLT. Gibraltar has also asserted its position as a leading blockchain and virtual assets hub and a leading proponent in the advancement of this technology. This stamp is another example of our desire to innovate in this area, in partnership with the private sector ".

This is the beginning of the NFT revolution, which will ultimately change the way in which we live, purchase and trade. NFTs not only serve as a tool to make artwork and other unique assets more discoverable, they also ensure that artists and creators are rewarded for their work. Depending on how the NFT is designed, those who are listed as the designated benefactors can receive royalties, making the sale of creative work in the form of NFTs particularly useful for industries such as artwork and music where profit is not always derived from the reselling of such assets.

Digital world,

Now that the unique commodity of stamps has been transferred to the digital world, revolutionising the collectibles space, what is next for organisations or individuals that wish to follow suit? The sale of NFTs has not been confined to collectibles such as artwork and trading cards, recent months have seen land ownership and real estate, both digital and real world, being sold as NFTs. In order for this technology to progress internationally and across industries, states must commit to building legislative processes that produce regulatory environments that are appealing to the blockchain and cryptocurrency communities.

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Gibraltar's unique passport for EU access to the UK

By Valerie Holliday and James Lasry, Financial Services Partners, Hassans International Law Firm

The financial services industries including banking, insurance, investment and fund management, have always played an important role in both the UK's and Gibraltar's economies. Much of this business has been cross-border with other EU Member States, often using the EU financial services passporting regime. Brexit has put an end to this such that UK firms can no longer do business in the EU on the basis of their home state licenses. Neither, indeed, do EU firms have direct access any longer to one of the world's greatest capital markets. Clearly alternative solutions must be found. Luckily, Gibraltar is able to offer opportunities through its ongoing passport regime with the UK.

The reality is that many companies must address their loss of market access to the UK which they have enjoyed under EU passporting rights. Clearly, one option is for EU firms to set up in the UK and go through the FCA regulatory licencing processes. Prior to Brexit, there were c 6,000 financial services companies that passport into the UK from the EU. It is easy to see how the regulatory bottlenecks may be tight for new applications at the UK regulators. The risk of losing revenues is very real.

Gibraltar is now the only jurisdiction in the world that enjoys passporting rights into the UK. The origins of the Gibraltar UK financial services passport actually stem from an anomaly in EU legislation which provided for passporting only between member states. Gibraltar, although a separate jurisdiction from the UK, with its own legislature and financial regulator, was considered as the same Member State in the context of EU legislation. This meant that Gibraltar firms could passport

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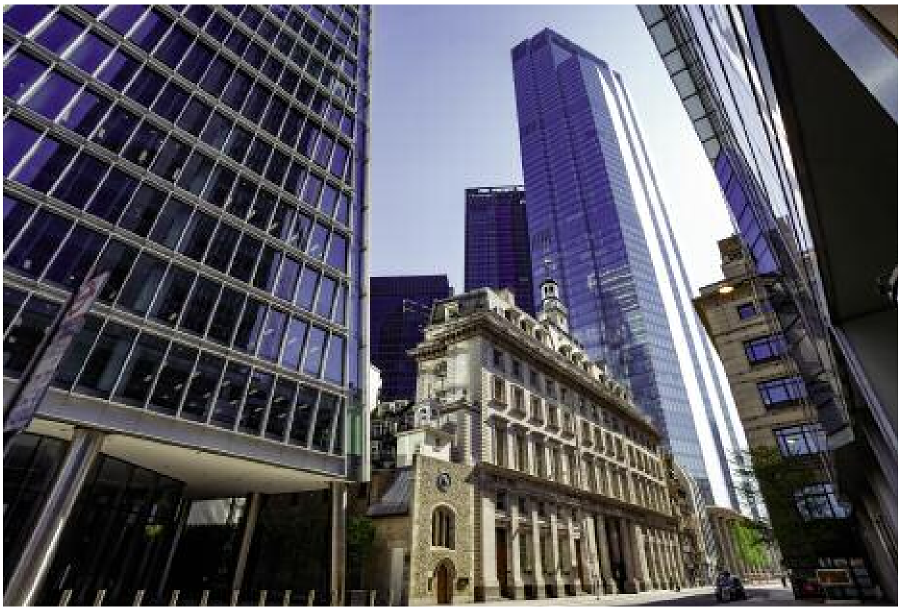

to other Member States such as France and Germany but not to the UK. This was addressed in the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 (the Gibraltar Order) which was an instrument of primary legislation in both the UK and Gibraltar and the product of a bilateral agreement between those jurisdictions. The Gibraltar Order in essence allowed for the rights enjoyed under the European passport to be extended bilaterally between the UK and Gibraltar.

EU entity

Post Brexit, the UK and Gibraltar governments have agreed that Gibraltar licensed firms will continue to be able to provide their services into the UK market and set up branches in the UK on the strength of their Gibraltar licence. Therefore, for an EU entity that has lost its right to passport into the UK, a new Gibraltar subsidiary (or sister company) may be able to continue to access the UK market. Gibraltar is the only jurisdiction outside the UK that can offer this.

The UK and Gibraltar Governments are committed to ensuring that such market access continues. Although the substance of the passport is intended to continue into the long term, the Gibraltar Order has been superseded by other legislation that takes the post-Brexit framework into account. The UK Government has published the Financial Services (Gibraltar)(Amendment)(EU Exit) Regulations 2020 which extends by 12 months the transitional arrangements under Parts 2 and 3 of the Financial Services (Gibraltar) (Amendment)(EU Exit) Regulations 2019 which, inter alia, facilitates the access by Gibraltar-based firms to the UK financial services market and vice versa. These transitional arrangements have now been extended until the end of December 2021.

The Gibraltar Government has published the Financial Services (Passport Rights and Transitional Provisions) (EU Exit) Regulations 2020 which similarly retain reciprocal passporting rights for Gibraltar firms and UK firms in respect of financial services which are regulated under the Single Market Directives.

Gibraltar Authorisation Regime

These arrangements will be superseded by a new long-term framework as part of the Financial Services Bill that has already been introduced to the UK Parliament on 21 October 2020. This new Bill will establish a new legal and institutional framework "the Gibraltar Authorisation Regime" to provide for mutual market access and aligned standards in financial services between the UK and Gibraltar.

The framework will reflect the unique and historical relationship between the two jurisdictions which do not apply to other jurisdictions. The regime will be based on the three following conditions:

1. Compliance with certain objectives such as maintaining financial market stability and the protection of consumers;

2. The alignment of law and practice so that there is a consistency of approach in the two jurisdictions; and

3. Close cooperation between the UK and Gibraltar authorities in order to ensure that they support each other in the fulfilment of their respective duties and exchange relevant information as required.

It is expected that the development, implementation and oversight of the Gibraltar Authorisation Regime will be likely to involve further secondary legislation on both sides.

Firms based in Gibraltar have long made extensive use of the market access arrangements between Gibraltar and the UK. The insurance industry, in particular, has made significant inroads into the UK market such that over 20% of all motor insurance policies are written by Gibraltar firms. Banking and fund management also benefit from the passport. The Gibraltar UK passport is therefore a tried and tested route into the UK.

Unique proposition for EU firms

Although the Gibraltar Financial Services Commission (GFSC) is statutorily obligated to maintain the same regulatory standards as those of the FCA, there is no doubt that a regulator serving a smaller market is able to process applications with greater speed.

This, together with Gibraltar's low tax regime and its culture of good corporate governance make it a jurisdiction of choice with a unique proposition for EU firms wishing to do business in the UK.

This article should not be regarded as intended to provide legal advice and should not be relied on. Specific legal advice in relation to any matter should be sought.

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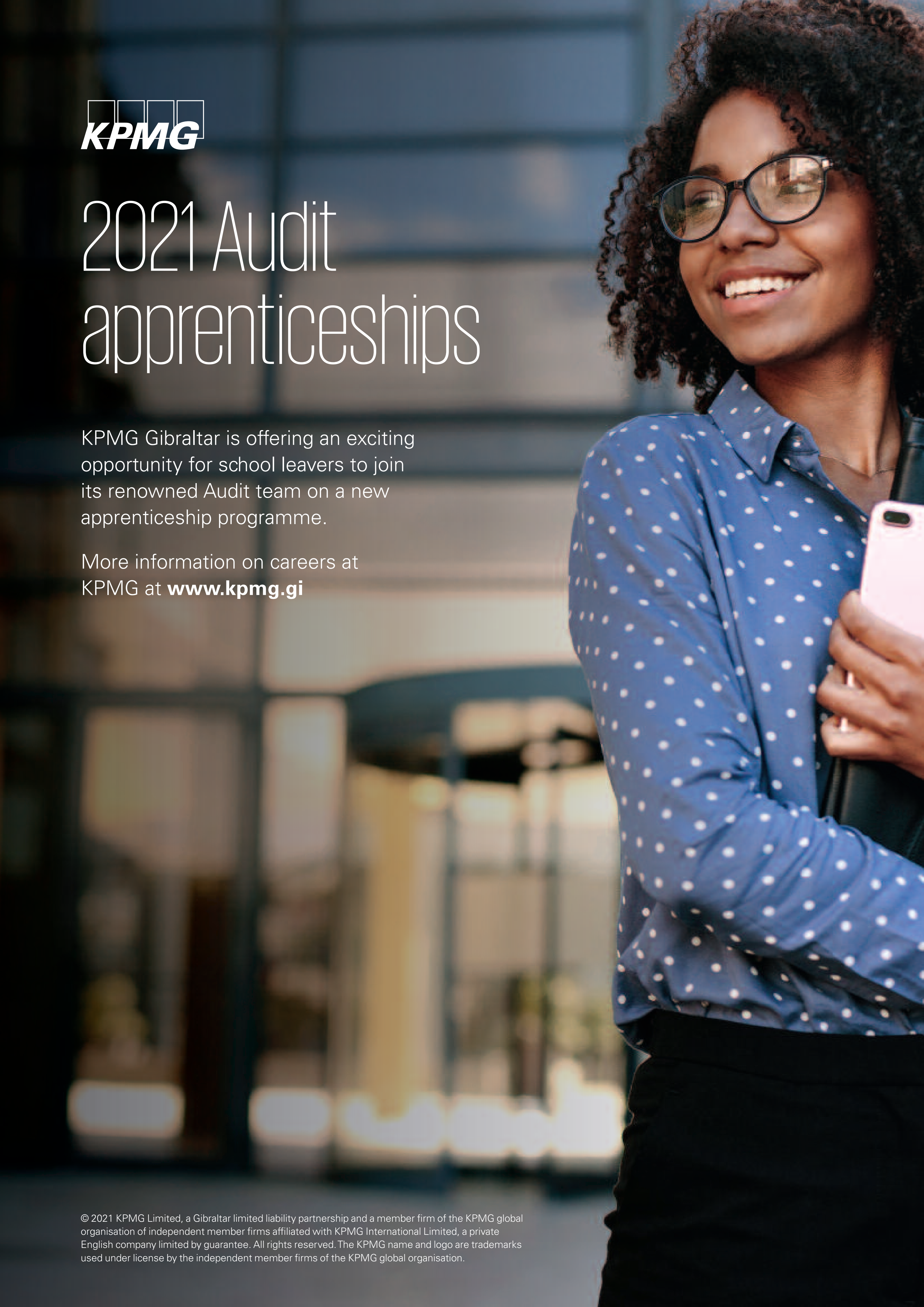
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Economic activity and the possible resulting inflation

Fahad Kamal, Chief Investment Officer, Kleinwort Hambros, reports on the possibility of renewed inflation in a post vaccination landscape

We began the year mired by the latest wave of the Corona Virus. On the horizon lays a post vaccination world, a surge in economic activity and the resulting inflation that may likely result.

Inflation is not a small matter and is potentially a huge risk to the market.

The potential sea change has several supports.

1. While neither quantitative easing (QE) nor deficit spending are novel, the sheer scale of the programs today certainly is. Most notably, the newly elected Biden administration in the US has pushed through a $1.9 trillion stimulus package on top of the $900 billion support bill passed in late December - together, a staggering 13.4% of GDP.

2. Money supply has shot up dramatically, particularly in the US. In previous editions of QE, nothing on this scale occurred because much of the liquidity stayed on bank balance sheets. Therefore, the money multiplier remained low amid muted demand for loans.

3. With a rapid ramp-up in vaccinations in most developed countries, expectations are that a surge of spending will occur once restrictions on mobility are lifted later in the year, particularly in the services sector. Economists fear that unleashed consumer spending will overheat the global economic recovery and stoke the inflationary pressures fomented by huge government spending and monetary excess.

For these (and other) reasons, inflation expectations have surged from the historical lows witnessed in the throes of the pandemic last year. Presumably, if inflation continues to rise, central bankers may have to start raising rates, thereby calling into question historically high prices of stocks when compared to earnings.

Undoubtedly there is going to be a short-term high velocity impact to inflation however, it will likely come back down again once those base effects have been taken into account. However, there are important mitigants.

1. The labour market:

There are gaping output gaps in the labour market. US employers now report 10 million fewer jobs than before the pandemic and US unemployment is at 6.3% vs. 3.5% last year. Wide swathes of the public are dependent on cash injections from the government simply to stay afloat; this is where the stimulus is largely targeted.

2. Real estate:

There is enormous underutilised capacity for office and retail real estate. If we assume these difficulties are representative of the retail industry in general, it is clear that the process of finding new owners as well as recognising losses for existing owners and lenders is going to be long and painful. If the downturn in the office market turns out to be as severe as in retail, the situation will become even more difficult. The development is set to work itself through the sector slowly and painfully (for the owners), for a considerable time to come. To compete with online platforms, lower prices must be part of any package offered by those businesses continuing to sell on the High Street or in shopping centres. Landlords should expect considerably lower rents to enable their tenants to compete.

3. Energy:

In March 2021, OPEC estimated that the world's oil demand fell by roughly 10% in 2020 to 90.4m barrels a day. Given that productive capacity did not shrink, the self-restraint of major OPEC producers - cutting supply in order to maintain the price - was remarkable. But can it last? Several factors suggest it cannot. One of these being that all major producers have faced increased financial pressure in 2020.

A rise in actual inflation would presumably not be rapid, given the huge excess capacity in the labour market, diminishing demand for commercial real estate, and downward pressures on energy prices.

Prices may start to rise in the short-term, as a result of pent-up demand once economies go through post-vaccination bonanzas and subsequent increases in money velocity. However, this should be transitory, not structural. Moreover, this constructive spending surge should lead to robust economic growth and earnings, as well as higher employment. This is beneficial to corporates as it increases sales and profits while allowing for maintained margins, which helps support the case for equities and risk assets.

Finally, we take central bankers at their word that they have little intention to raise rates until pre-pandemic levels of unemployment and economic activity are firmly in hand. It is much more likely they act to curb the increase in yields - buying long-dated bonds as part of ongoing QE programs for example - than raising rates and endangering a nascent recovery.

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Tax developments in the digital economy

By Gavin Gafan, Senior Tax Manager and Vickram Khatwani, Associate Director Tax, Deloitte Limited

In 2019 Gibraltar joined the Organisation for Economic Cooperation and Development (OECD) Inclusive Framework (the 'Inclusive Framework') on Base Erosion and Profit Shifting (BEPS). The OECD's BEPS Project, sponsored by the G20, sets out to create a set of international tax rules to address base erosion and profit shifting, thus aiming to protect tax bases of jurisdictions while offering increased certainty to taxpayers.

Back in 2013, the strategy behind BEPS was set out in a 15-point Action Plan to address base erosion and profit shifting along three key areas, being the introduction of coherence in domestic rules that affect cross-border activities, the reinforcement of substance requirements in existing international standards, and the improvement of transparency as well as certainty.

Since the release of the BEPS Action 1 Report in 2015, addressing the tax challenges raised by the digital economy has been one of the main priorities of the Inclusive Framework.

To this effect, in 2019, member countries of the Inclusive Framework agreed to assess proposals to address the challenges arising from digitalisation in the form of two pillars:

- Pillar One addresses the allocation of taxing rights between jurisdictions and considers several proposals for new profit allocation and taxable presence (nexus) rules.
- Pillar Two proposes a set of interlocking international tax rules designed to ensure that large multinational businesses pay a minimum level of tax on all profits in all countries.

In October 2020, two detailed 'Blueprints' on these pillars were released in relation to the ongoing work by the OECD however these are currently still undergoing review. A summary of Pillar One follows.

Pillar One

Pillar One seeks to achieve a global consensus for new businesses through the adaptation of current rules for allocating taxing rights and nexus rules applicable to business profits. The goal is to expand the taxing rights of market jurisdictions where businesses have active and sustained presence in the economy through activities carried out within, or remotely directed at, said jurisdictions.

Pillar One also seeks to improve tax certainty through the introduction of mechanisms on dispute prevention and resolution.

To achieve these objectives, Pillar One contains three components:

(i) a proposed new taxing right allocating a share of global residual group profit to market jurisdictions using a formula-based approach, irrespective of local physical presence in said jurisdictions (Amount A);

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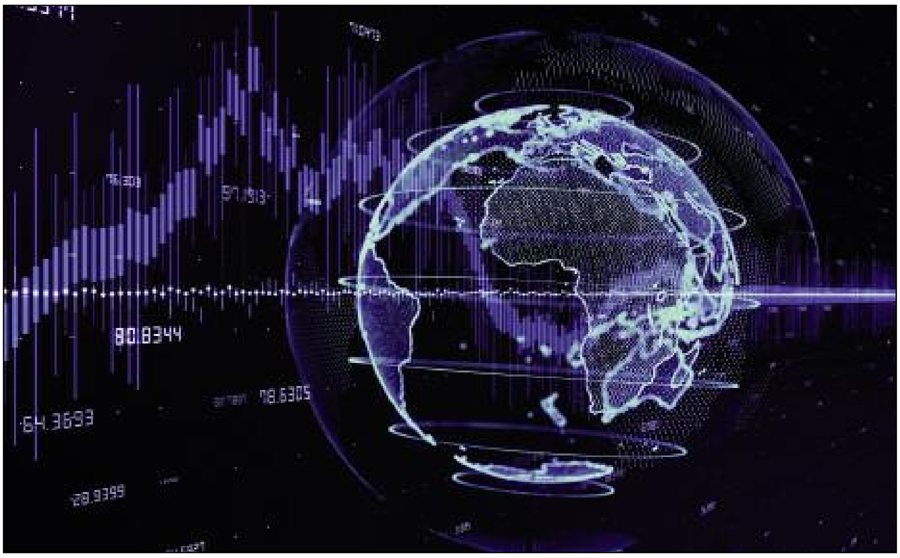

(ii) a fixed return for defined 'baseline marketing and distribution functions' (Amount B);

(iii) processes to improve tax certainty through effective dispute prevention and resolution mechanisms.

(i) Amount A

The OECD Blueprint identified two main groups of businesses which can participate in an 'active and sustained' manner in the economy of a market jurisdiction, irrespective of local physical operational presence – these two groups would be in scope of Amount A.

1. Automated digital services (ADS): these businesses generate income from remote services to a global customer base. The Blueprint on Pillar One sets out an indicative non-exhaustive list of in-scope services, which includes but is not limited to online advertising services, digital content services, online gaming and cloud computing services.

2. Consumer-facing businesses (CFB): these businesses (including those operating through third-party intermediaries) generate revenue from the sale of good/services commonly sold to individual consumers and/or businesses that license or otherwise exploit intangible property connected to such goods/services.

A jurisdiction will be entitled to an allocation of Amount A if either an ADS or CFB nexus exists in that jurisdiction.

Some activities however are excluded in the Blueprint and therefore, if agreed, would fall out of scope of Amount A, including but not limited to certain natural resources, certain financial services and the construction, sale and leasing of residential property. There are also thresholds (the quantum of which is yet to be confirmed) applicable to multinational groups for Amount A to apply. It remains to be seen whether the Blueprint scope, which has been difficult to define and agree, is ultimately agreed by governments. The US Administration, in particular, is keen for the scope to be less targeted to types of activity and instead focussed on revenues and profitability of a smaller number of the very largest global multinationals.

The Blueprint sets out detailed rules on revenue sourcing to market jurisdictions and tax base determination.

(ii) Amount B

Amount B seeks to standardise the remuneration of related party distributors that perform 'baseline marketing and distribution activities' to simplify transfer pricing administration. Amount B potentially applies to all business sectors and is not subject to scope limitations. A fixed return commensurate with the arm's length principle is proposed, the quantum of which is likely to be based on a comparable company benchmarking analysis.

For administrative ease and to limit disputes of what is in scope of Amount B, the Blueprint assumes that Amount B would apply to a number of in-scope activities as defined in a 'positive list' of typical functions performed, assets owned and risks assumed.

(iii) Tax certainty

For the purpose of increasing tax certainty for businesses and tax authorities, several measures are proposed. For Amount A, a binding dispute prevention process would be made available to businesses – this process will include a review panel as well as a determination panel to provide mandatory and binding outcomes.

Rules in respect of Amount B will be designed to limit potential for disputes, nevertheless mandatory binding dispute resolution mechanism will be available.

Conclusion

World economies are becoming ever more digitalised and businesses continue to transcend international borders. Accordingly, the proposals in respect of Pillar One heralds significant changes to the global tax landscape and its effects are expected to be far reaching. It is therefore important for businesses to monitor these developments to assess the potential impact of these proposals.

Whilst the Blueprints have been subjected to a public consultation process, there continues to be areas where the Inclusive Framework countries are not yet aligned, and substantial continued efforts are envisaged for a high level agreement to be reached in 2021.

In the absence of consensus, countries may still introduce elements of the OECD Pillars into domestic legislation, which, in the absence of a treaty between relevant jurisdictions, could result in a rise in double taxation and additional administrative burdens for tax authorities globally.

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Regulatory landscape changes for Gibraltar insurers

By **Neil Jackman,** Compliance & Risk Manager, Robus Risk Services (Gibraltar) Ltd

With Brexit now a reality it is a time for reflection. In Gibraltar, insurers authorised by the Gibraltar Financial Services Commission (FSC) can continue to passport into the UK (which was previously 90% of Gibraltar authorised business before Brexit) and operate as they did before the end of the transition period which expired on 31 December 2020. They do so under temporary measures in place between Gibraltar and the UK so, Gibraltar is very much open for business. The potential game changer is that the temporary arrangements will be superseded by a new long-term framework.

UK HM Treasury published their summary of responses to their consultation on market access between the UK and Gibraltar in November 2020. The proposals have been included as part of the UK Financial Services Bill 2020 which is passing through the legislative processes with implementation likely in Q1 2022.

The Financial Services Bill will establish a new legal and institutional framework that will provide for mutual market access and aligned standards between the two jurisdictions, the Gibraltar Authorisation Regime (GAR). The access of Gibraltar based firms to the UK will depend on alignment of laws, regulatory oversight in both jurisdictions and co-operation between parties on both sides.

Local Gibraltar laws

Whatever form this alignment of laws takes pursuant to GAR, insurers will need to consider further the regulatory rules

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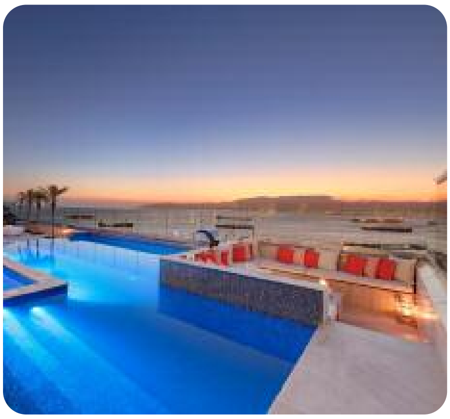

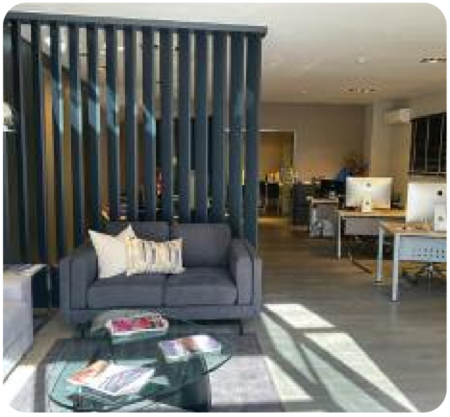

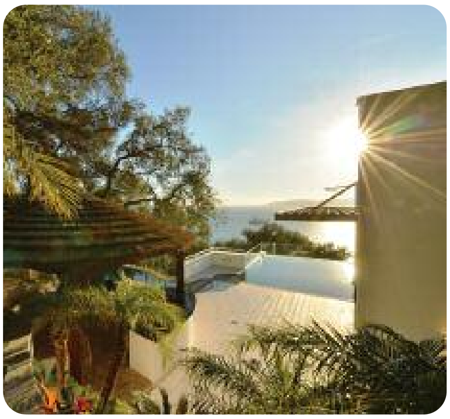

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and standards in the UK, not just Gibraltar rules. This is something I have been considering since first arriving in Gibraltar in 2017 working as a director and lawyer for a newly authorised general insurer. There was the appreciation of the need to understand the local regulatory considerations as the insurance company was authorised and subject to local Gibraltar laws. However, any oversight of the sale of insurance, distribution, claims and complaints would need to consider UK insurance laws and regulations and Financial Conduct Authority (FCA) rules as well as Gibraltar regulatory considerations as the insurance policies were being sold and administered in the UK.

By way of example, I constantly called upon my UK regulatory knowledge when overseeing claims, complaints and conduct activities carried out by appointed companies in the UK which, were authorised by FCA and subject to its rules. Continual reliance on this UK insurance regulatory knowledge is called upon when working for an insurance manager in Gibraltar providing, amongst other services, compliance services to clients:

1) As part of the post Brexit regulatory alignment of the insurance sector, one of the big four accounting firms were appointed to carry out a review of the Gibraltar regulatory regime against UK regulatory environment. Regulatory alignment is now being moved forward in the form of GAR.

2) Conduct has been going higher up the regulatory agenda both in the UK and Gibraltar - when the oversight is of regulatory activities in the UK subject to UK laws, regulations and FCA rules.

3) As most readers are no doubt aware, the General Insurance Pricing Practices Final Report (GIPP) was published in September 2020 setting out findings on how home and motor insurance are working, stating the importance of the need for general insurance to work well and deliver good outcomes for all consumers, including the potential remedy for 'price walking'. This would require firms to offer a renewal price that is no higher than the equivalent new business price for that customer through the same sales channel. Other articles you may have read, will address this in more detail.

In Gibraltar, insurers authorised by the Gibraltar Financial Services Commission (FSC) can continue to passport into the UK

UK motor insurance underwritten in Gibraltar

The FCA propose to apply the rules on which they are consulting to Gibraltar authorised insurers and clearly this is important and relevant for lots of Gibraltar insurers due to the substantial amount of UK motor insurance underwritten in Gibraltar. The logic for this approach makes sense as firms based in Gibraltar can sell insurance into the UK and it is considered important to ensure that all firms serving customers in the UK are subject to the same rules to ensure effective competition for consumers and appropriate levels of consumer protection. Whatever your viewpoint is on this approach, this is the most recent example of the need for regulatory advisory professionals in Gibraltar to be aware of and understand FCA rules.

UK regulatory rules

For Gibraltar insurers selling and distributing insurance policies in the UK - I was always adamant that a knowledge and appreciation of the UK regulatory rules applicable to the sale, distribution and administration was required for anyone working in any governance, compliance or in a regulatory capacity in Gibraltar and the tide of regulatory change and alignment will, in my view, increasingly require this.

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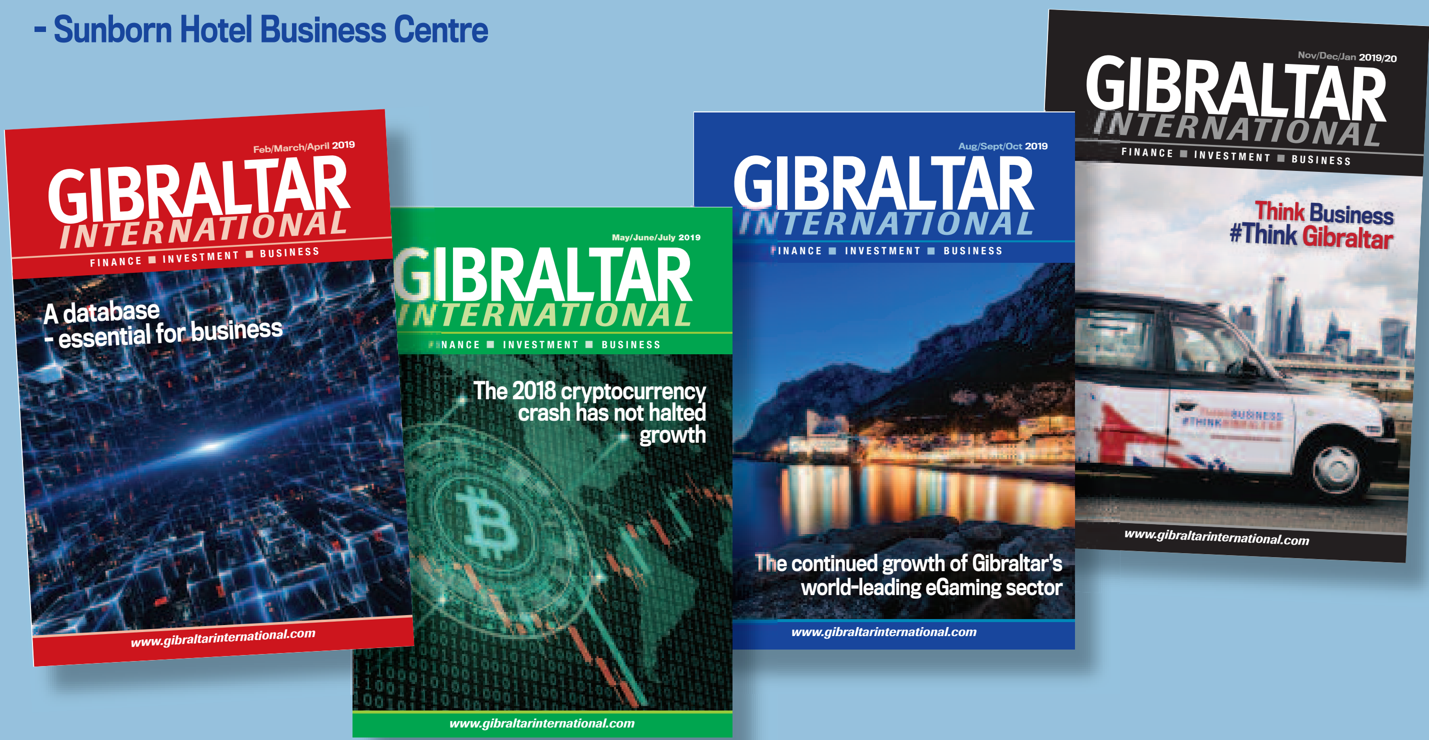
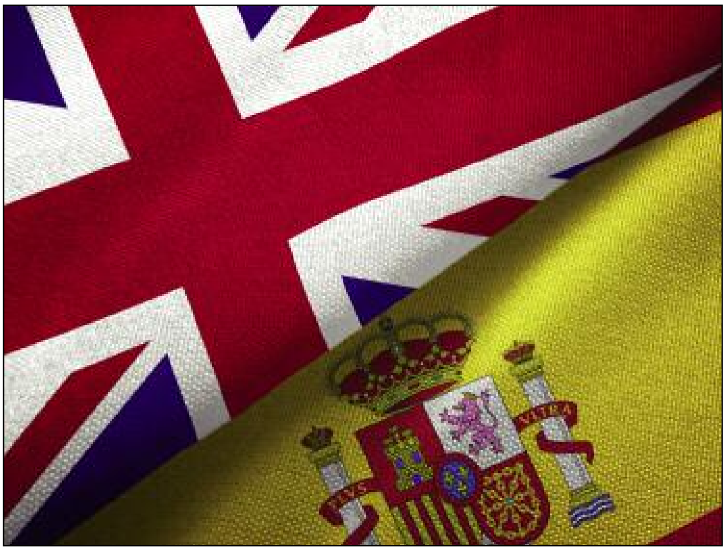


* Mailing list compiled in association with Gibraltar Finance, HM Government of Gibraltar

Spain/UK tax agreement regarding Gibraltar (the Treaty)

By Emma Lejeune, Adrian Pilcher, Partners and Stuart Dalmedo, Senior Associate, Isolas LLP



Earlier this year HM Government of Gibraltar published various notices in the Gazette, in relation to the international agreement on taxation and the protection of financial interests between the United Kingdom and Spain regarding Gibraltar (the Treaty).

Pursuant to section 3A(2) of the Income Tax Act 2010 (the Act) (which requires the Minster, by notice in the Gazette, to publish the texts of International Tax Agreements), the Income Tax Act 2010 International Agreement (Spain) Notice 2021 was published which replicates the text of the Treaty. The Income Tax Act 2010 Notice of Amendment of Schedule 12 (Spain) was also published to amend Schedule 12 of the Act (which lists all of Gibraltar's International Tax Agreements) to include the Treaty. Gibraltar now has two International Tax Agreements- with the United Kingdom and Spain.

Domestic law

The Treaty aims to clarify the tax position of individuals and entities resident for tax purposes in both Gibraltar and Spain, and subsequently help to regulate relations between the two jurisdictions. Under the Treaty, individuals will continue to be tax resident in Spain or Gibraltar in accordance with their domestic law. However, those with dual residency are not exempt from tax residence in Spain if certain criteria are met. For more information on this visit: https://www.gibraltarlawyers.com/uploads/PDF/ISOLAS_Tax_Agreement.pdf

Although the text of the Treaty has been replicated into the Act, the Treaty itself shall only enter into force once both parties have given notice that they have completed their respective internal respective ratification procedures, and shall take effect under the provisions of Article 2 for taxable periods commencing on or after the date of entry into force of the Treaty.

The automatic exchange of information on workers registered with the Gibraltar Income Tax Office as residents in Spain, and vessels, aircraft and motor vehicles registered in Gibraltar relating to tax residents in Spain, and vice versa, will be retrospective, commencing on or after 1 January 2014.

In respect of any other exchange of information not mentioned, the taxable periods will commence on or after 1 January 2011 or where there are no taxable periods, for all charges to tax arising on or after 1 January 2011.

The Regulations

In addition to this, the International Agreements on Taxation Matters (Spain) Regulations 2021 (the Regulations) were also published, which came into effect on the date of publication. The Regulations have effect for and are in connection with the implementation of the Treaty and, in particular, to enable the Commissioner of Income Tax to provide the Spanish tax authorities with relevant information, as set out in the Treaty.

The Regulations also gives effect to Article 3(2) of the Treaty by making provision equivalent to –

(a) Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (DAC 3); and

(b) Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (DAC 6).

DAC 3 provides for the mandatory automatic exchange of information on advance cross-border tax rulings and advance pricing arrangements.

DAC 6 introduces mandatory disclosure rules for intermediaries (and in some cases taxpayers) in respect of cross-border arrangements that exhibit certain 'hallmarks'.

DAC 6 had previously been replaced with the European Union Mandatory Disclosure Regime (MDR) under Gibraltar law, but has now been re-introduced (although only in relation to arrangements between Gibraltar and Spain).

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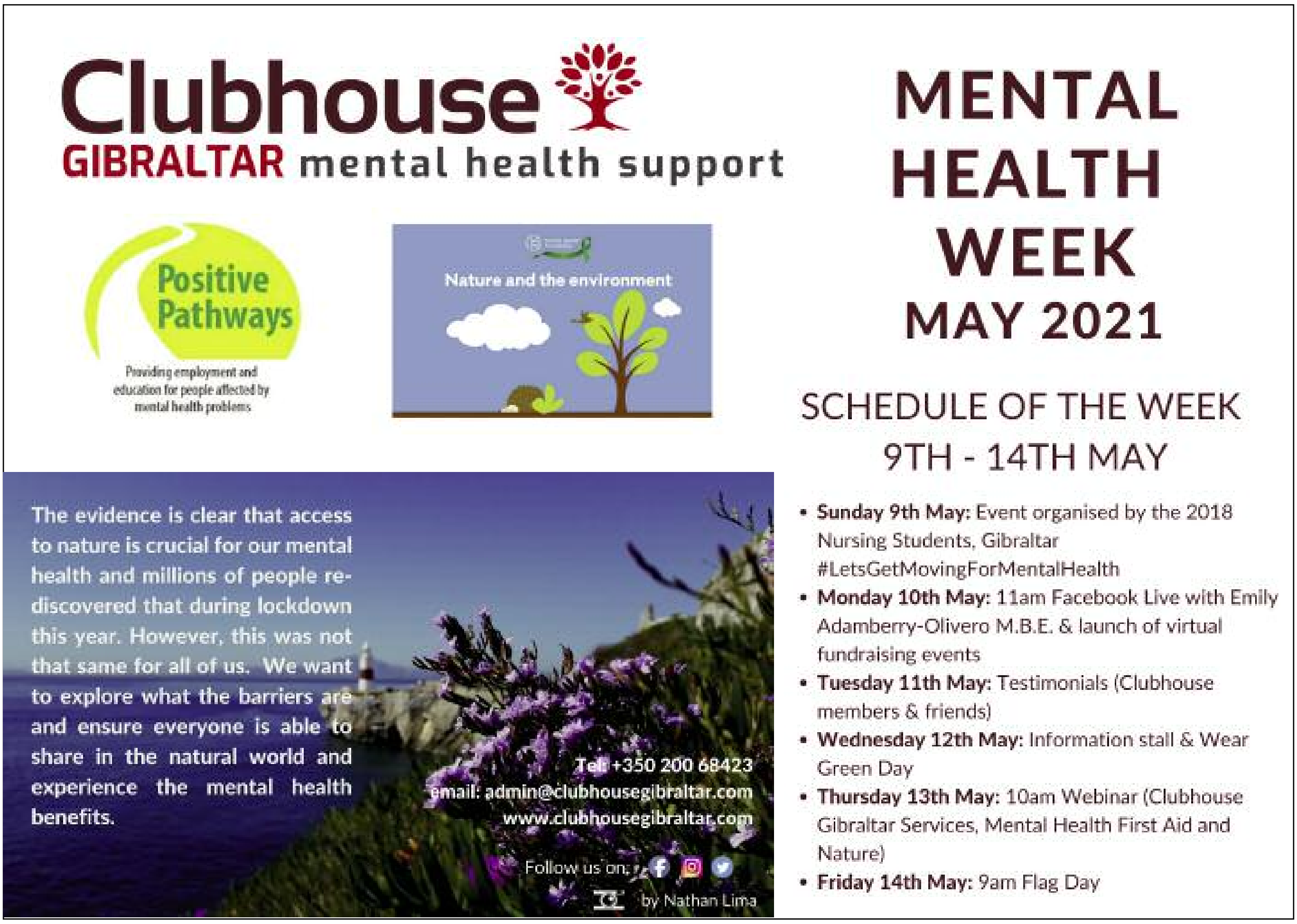
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MENTAL HEALTH WEEK
MAY 2021
SCHEDULE OF THE WEEK
9TH - 14TH MAY
The evidence is clear that access to nature is crucial for our mental health and millions of people re-discovered that during lockdown this year. However, this was not that same for all of us. We want to explore what the barriers are and ensure everyone is able to share in the natural world and experience the mental health benefits.
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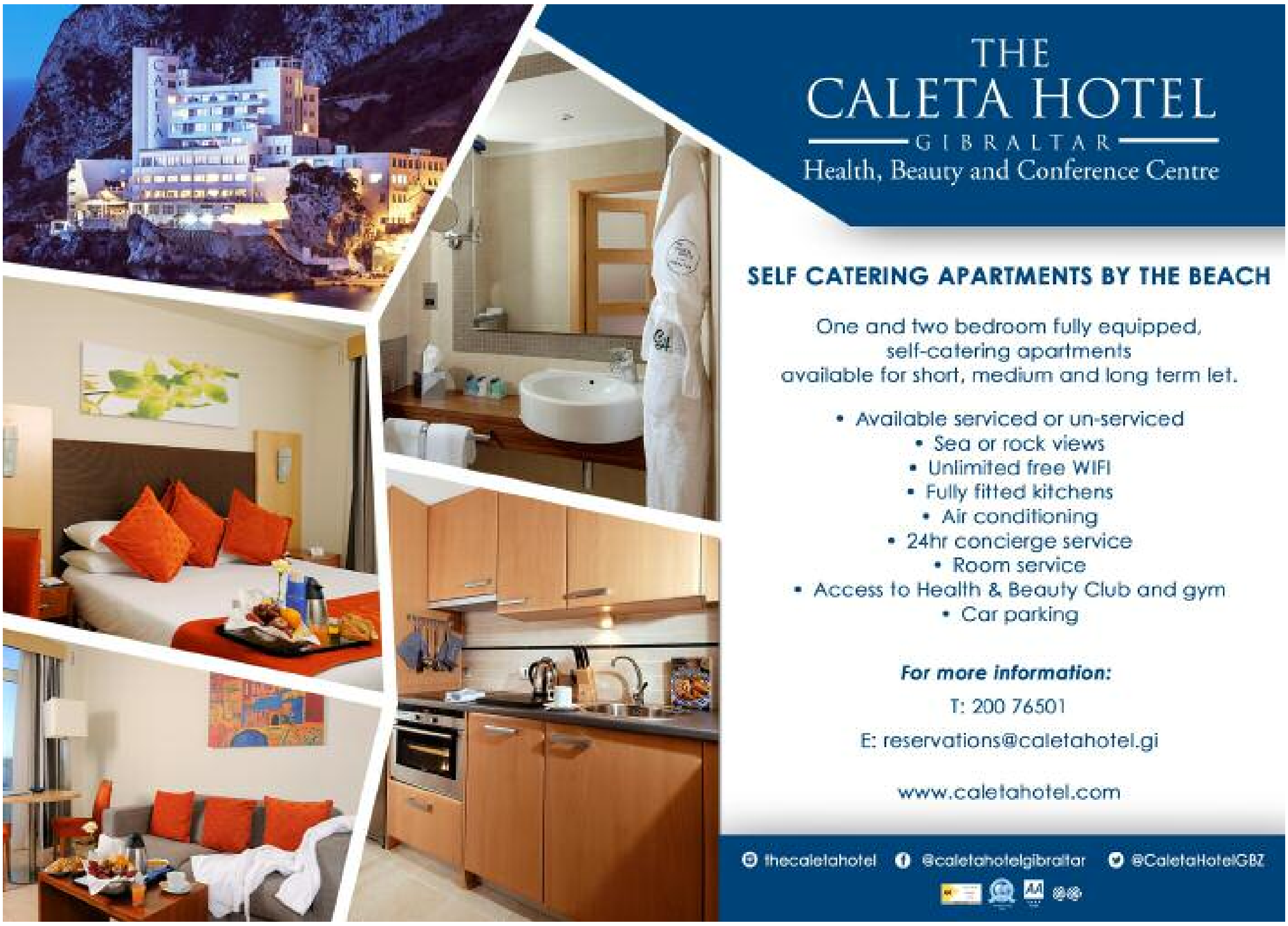
by Nathan Lima
• Sunday 9th May: Event organised by the 2018 Nursing Students, Gibraltar #LetsGetMovingForMentalHealth
• Monday 10th May: 11am Facebook Live with Emily Adamberry-Olivero M.B.E. & launch of virtual fundraising events
• Tuesday 11th May: Testimonials (Clubhouse members & friends)
• Wednesday 12th May: Information stall & Wear Green Day
• Thursday 13th May: 10am Webinar (Clubhouse Gibraltar Services, Mental Health First Aid and Nature)
• Friday 14th May: 9am Flag Day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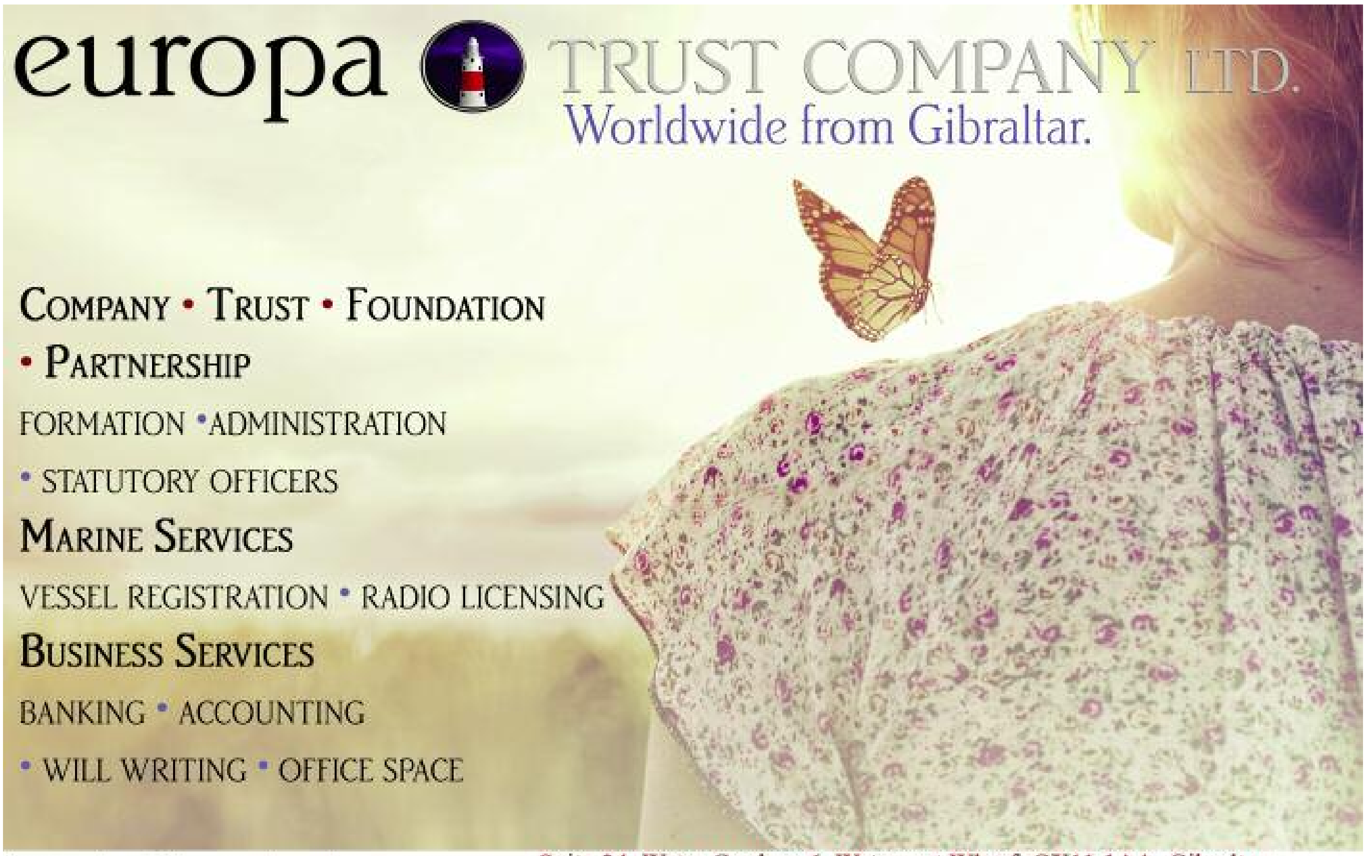

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