

BUDGET 2010: SUMMARY

- **GOVERNMENT FINANCES YEAR TO MARCH 2010: “ A RECORD SURPLUS”**
 - **GOVERNMENT BUDGET SURPLUS: £29.7 MILLION (A RECORD HIGH)**
 - **REPRESENTS CUSHION OF NEARLY 10% OVER EXPENDITURE.**
 - **OVERALL RECURRENT REVENUE: £ 334 MILLION (UP £27.7 MILLION OR 9%)**
 - **OVERALL RECURRENT EXPENDITURE: £304.5 MILLION (UP £18 MILLION OR 6.3%)**

- **ECONOMIC GROWTH**
 - **ECONOMY (GDP) GREW 5.5% LAST YEAR: £ 869 MILLION AT MARCH 2009**
 - **ESTIMATED GREW ANOTHER 5% to £914 MILLION TO MARCH 2010**

- **EMPLOYMENT**
 - **20,450 JOBS IN ECONOMY.**
 - **ONLY 59 JOBS DOWN IN 2009 FROM RECORD, DESPITE INTERNATIONAL CRISIS**
 - **RECORD NUMBER OF GIBRALTARIANS IN JOBS**

- **CAPITAL PROJECTS INVESTMENT**
 - **£106 MILLION INVESTED IN YEAR TO MARCH 2010**
 - **£150 MILLION ESTIMATED FOR THIS YEAR**
 - **MAIN PROJECTS IN PROGRESS:**
 - **NEW PRISON**
 - **NEW LAW COURTS**
 - **NEW GOVERNMENT RENTAL HOUSING ESTATE**
 - **REPAIRS TO MONTAGU ESTATES**
 - **BUILDING HOUSING FOR ELDERLY (ALBERT RISSO HOUSE)**
 - **BUILDING AFFORDABLE HOMES (EX OEM PROJECTS)**
 - **NEW AIR TERMINAL AND OTHER AIRFIELD INFRASTRUCTURE WORKS**
 - **TRAFALGAR INTERCHANGE**
 - **DUALLING OF DEVIL’S TOWER ROAD**
 - **NEW ROAD TO FRONTIER**
 - **TUNNEL UNDER RUNWAY**
 - **MULTI STOREY CAR PARK AT DEVIL’S TOWER ROAD**
 - **REBUILDING WESTSIDE REVETMENT AND PROMENADE**
 - **NEW WOMEN’S HOSTEL**
 - **DUDLEY WARD TUNNEL ACCESS PROTECTION WORKS**
 - **EUROPA POINT LEISURE ZONE & BEAUTIFICATION**
 - **RELOCATIONS**
 - **PUBLIC MARKET**

 - **MAIN NEW PROJECTS THIS YEAR:**
 - **ROSIA/QUEENSWAY LINK ROAD**
 - **EUROPORT/COALING ISLAND LINK ROAD**
 - **REFURBISHMENT OF EXISTING PLAYGROUNDS**
 - **NEW PLAYGROUNDS AND GREEN AREAS**
 - **NEW OLD PEOPLES’ HOME AT OLD HOSPITAL**
 - **NEW SCHOOL AT OLD HOSPITAL**

- DEMENTIA HOME AT NAVAL HOSPITAL
 - NEW MENTAL HEALTH HOSPITAL AT NAVAL HOSPITAL
 - CANCER RELIEF CENTRE AT EX BFBS BUILDING
 - NEW BUS SHELTERS
 - NEW URBAN PUBLIC TOILETS
 - TAKE AND RIDE BICYCLES SCHEME
 - MORE MULTI STOREY CAR PARKS
 - ESSENTIAL SEWAGE & ELECTRICITY INFRASTRUCTURE
- **GOVERNMENT RESERVES AND DEBT**
 - NET PUBLIC DEBT (GROSS GOVERNMENT BORROWINGS MINUS GOVERNMENT'S CASH RESERVES): £139 MILLION AS AT 31.3.10
 - REPRESENTS ONLY 15% OF GDP
 - EXPECTED TO JUST 19% OF GDP THIS YEAR TO FUND INVESTMENT
- **NEW BANK NOTES**
 - GOVERNMENT TO SHORTLY LAUNCH NEW £5, £10, £20, £50 AND £100 NOTES
- **POSSIBLE NEW BANK**
 - GOVERNMENT TO TRY AND PROMOTE NEW LOCALLY OWNED AND MANAGED RETAIL/COMMERCIAL BANK TO PROVIDE MORE RESILIENCE IN LOCAL MORTGAGE AND BUSINESS LENDING
- **BUILDING MORE OFFICE SPACE**
 - GOVERNMENT TO CO- DEVELOPE PHASE 1 OF MIDTOWN OFFICES TO ENSURE THAT LACK OF BANK FUNDING FOR PRIVATE DEVELOPERS DOES NOT STARVE GIBRALTAR OF MUCH NEEDED OFFICE SPACE TO MEET GROWTH PROSPECTS
- **SUPPORT FOR CONSTRUCTION INDUSTRY**
 - OUTLINE OF SUPPORT SCHEME ANNOUNCED.
 - DETAILS AND IMPLEMENTATION DURING JULY/AUGUST
- **CLIMATE OF COMPLIANCE**
 - OUTLINE ANNOUNCED OF APPROACH TO CREATE CLIMATE OF COMPLIANCE IN TAX, EMPLOYMENT AND FAIR CROSS BORDER TRADE
 - DETAILS IN SEPTEMBER IN CONJUNCTION WITH BUSINESS AND LABOUR REPS.
- **PUBLIC SECTOR**
 - THERE WILL BE NO PAY FREEZES IN GIBRALTAR PUBLIC SECTOR
 - WIDE RANGING REFORM AND MODERNISATION NEGOTIATIONS GOING WELL
- **COMPANY TAX**
 - 10% RATE FROM 1.1.11 FORMALLY ANNOUNCED. 20% FOR UTILITY COMPANIES.
 - PARTIAL CLAWBACK FROM COMPANIES TO RECOUP SOME OF THE LOST REVENUE BY INCREASING:
 - EMPLOYERS' SOCIAL INSURANCE CONTRIBUTIONS BY 10%

- COMMERCIAL RATES BY 12%
 - COMMERCIAL SALT WATER RATES BY 1 PENCE
 - HALVING RATES EARLY PAYMENT DISCOUNT TO 5% (10% FOR SHOPS, WHOLESALE, BARS & RESTAURANTS)
 - COMMERCIAL ELECTRICITY UNIT OF CONSUMPTION TARIFF BY 10%
- **PERSONAL TAX**
 - EFFECTIVE TAX RATE LOWERED IN ALL INCOME BANDS
 - 2.8% INCREASE IN ALLOWANCES IN ALLOWANCE BASED SYSTEM
 - NO INCOME TAX AT ALL IF INCOME IS BELOW £8000 PER YEAR

UNDER THE GROSS INCOMES BASED SYSTEM:

 - ON INCOMES BETWEEN £8,000 AND £16,000 PER ANNUM, TAX ON FIRST £10,000 LOWERED FROM 10% TO 8%, DELIVERING TAX CUT RANGING FROM 20% TO 9% (3900 BENEFICIARIES).
 - THE EFFECTIVE TAX RATE ON LOW INCOME EARNERS (£8,000 TO £16,000) THUS LOWERED TO MAXIMUM OF 12.5% (RANGES FROM 8% TO 12.5%)
 - ON INCOMES BETWEEN £16,000 AND £25,000 THERE WILL BE AN EXTRA £1000 OF TAX FREE INCOME, RESULTING IN A REDUCTION IN THE MAXIMUM EFFECTIVE TAX RATE TO 18.5% (RANGING FROM 12.5% TO 18.5%) (4300 BENEFICIARIES).
 - ON INCOMES BETWEEN £25,000 AND £35,000 THE MAXIMUM EFFECTIVE RATE OF TAX IS REDUCED BY UP TO 2.6% FROM A RANGE 19.2% TO 22.6% TO A RANGE OF 18.5% TO 20%, DELIVERING TAX CUTS RANGING FROM £200 TO £900.
 - ON INCOMES BETWEEN £35,000 AND £100,000 THE EFFECTIVE RATE OF TAX, WHICH CURRENTLY RANGES FROM 22.6% TO 26.75% IS REDUCED BY UPTO 2.6% TO A NEW RANGE OF 20% TO 26.25%, DELIVERING TAX SAVINGS OF BETWEEN £200 AND £900.
 - THE TOP RATE OF TAX, CURRENTLY 35% IS ABOLISHED. THE TOP RATE IS NOW 29%
 - FOR INCOMES ABOVE £353,000 A YEAR, THE TAX RATES FALL AS FOLLOWS, DELIVERING TAX SAVINGS OF BETWEEN £200 AND £900.
 - FOR INCOMES ABOVE £353,000 A YEAR, THE TAX RATES FALL AS FOLLOWS:
 - £353,001 TO £704.800 AT 20%
 - £704.801 TO £1 MILLION AT 10%
 - EXCESS OVER £1 MILLION AT 5%

OTHER PERSONAL TAX MEASURES:

- WITH EFFECT FROM 1 JULY 2009 TAX RELIEF ON RETIREMENT ANNUITY CONTRACTS AND PERSONAL PENSION SCHEMES WILL BE LIMITED TO THE LESSER OF 20% OF EARNED INCOME OR £35,000
- CATEGORY 2 INDIVIDUALS MINIMUM TAX WILL RISE FROM £20,000 TO £22,000 AND THEIR TAXABLE INCOME FROM £70,000 TO £80,000
- HEPSS WILL BE TAXABLE ON UP TO £120,000 OF INCOME (UP FROM £100,000)

- **STAMP DUTY**
 - STAMP DUTY ELIMINATED ON AFFORDABLE HOMES AND RAISED ON HIGHER VALUE AND LUXURY PROPERTIES
 - EXEMPTED VALUE RAISED FROM £160,000 TO £200,000
 - FOR PROPERTIES BETWEEN £200,000 AND £350,000, 2% ON THE FIRST £200,000 AND 2.5% ON THE BALANCE UP TO £350,000 (PRESENTLY 1.26% TO 1.6%).
 - FOR PROPERTIES ABOVE £350,000, 3% ON FIRST £350,000 AND THE BALANCE AT 3.5% (PRESENTLY 2.5%)

- **OTHER BUDGET MEASURES**
 - EMPLOYEES' MAXIMUM SOCIAL INSURANCE CONTRIBUTIONS WILL RISE BY £1.42 PER WEEK OR 6%. NO INCREASE FOR WORKERS WHO EARN LESS THAN £12,000 PER YEAR.
 - SELF EMPLOYED SOCIAL INSURANCE CONTRIBUTIONS WILL RISE BY 10%
 - ELECTRICITY CONSUMPTION TARIFFS WILL RISE BY 5%. NO INCREASE IN STANDING CHARGES. THEREFORE INCREASE IN AVERAGE HOUSEHOLD ELECTRICITY BILL IS 3%.
 - WATER TARIFFS WILL RISE BY 3.5%

- **CIGARS**
 - AD VALOREM DUTY ON CIGARS ABOLISHED AND PER KILO DUTY INCREASED TO £6.50

- **ENVIRONMENTAL MEASURES**
 - IMPORT DUTY ON SOLAR PANELS AND RELATED EQUIPMENT – ZERO
 - IMPORT DUTY ON PEDAL BICYCLES – ZERO
 - IMPORT DUTY ON ELECTRIC CARS- ZERO
 - IMPORT DUTY ON HYBRID CARS CUT IN HALF
 - IMPORT DUTY ON TWO STROKE MOTOR CYCLES (WHICH CREATE MORE POLLUTION) INCREASED FROM 6% TO 30%
 - IMPORT DUTY ON FOUR STROKE MOTOR CYCLES IS HALVED FOR DEALERS FROM 30% TO 15%
 - IMPORT DUTY ON MOTORCARS WILL RISE FOR DEALERS, AS FOLLOWS:
 - LESS THAN 1500CC BY 2.5% FROM 12.5% TO 15%
 - 1500CC TO 2000CC BY 3% FROM 15% TO 18%
 - OVER 2000CC BY 4.5% FROM 17.5% TO 22%

- **STATUTORY MINIMUM WAGE RISES BY 8% FROM £5 TO £5.40 AN HOUR FROM 1ST JANUARY 2011**

- **UNIVERSITY STUDENT GRANTS RISE 10% FROM NEXT TERM. EXTRA £543 FOR LONDON AREA STUDENTS AND £441 FOR STUDENTS OUTSIDE LONDON AREA**

