

GMS Flash Alert

2025-023 | 28 January 2025

Gibraltar – New Law on Taxation of Interests in Residential Property

Gibraltar's government has enacted legislation in respect of the tax on the disposal of interests in property. As previously reported in [GMS Flash Alert 2024-164](#) over the summer, the government had published a bill on the taxation of profits derived from disposals of interest in residential (whether leasehold or freehold) property.

Property has been defined as any plot, building, apartment, or other real property in Gibraltar used or intended to be used for residential purposes.

The legislation was enacted on 23 December 2024, with some amendments contained within the *Income Tax (Amendment No.2) Act 2024*.¹

WHY THIS MATTERS

The purpose of the law is to provide clarity and certainty in respect of the acquisition and disposal of residential property in Gibraltar. Persons making property disposals, who may previously have considered that the gains arising from those disposals should be treated as capital gains and so not subject to tax, will now be assessed on an income basis if the conditions are met.

Companies with international assignment policies pertaining to assignees to and from Gibraltar may wish to consider whether adjustments are necessary to their policies that may address disposals of interest in residential property (whether leasehold or freehold). The tax applies irrespective of the residence status of the person owning a taxable property.

Key Changes to the Legislation

- It applies from 1 January 2025 (not 1 August 2024 as originally proposed).
- The minimum threshold to have a qualifying interest in Gibraltar residential property has increased from three (3) or more, to five (5) or more “taxable properties.”
- Properties constructed prior to, and held by the owner since, 1 January 1988, are now exempt.
- Parliament must approve any additional class or category of property to be included within the definition of an “Exempted Property” prescribed by the Minister of Taxation.

KPMG INSIGHTS

We await further explanatory notes, definition, and guidance from the Income Tax Office on the provisions in the law, such as amount arising, consecutive basis period, losses, and principal activity.

If taxpayers have questions about this change in Gibraltar tax policy and how it could impact them, depending on decisions they may make in the future (or have recently made), they should consult with their qualified tax professional or a member of the tax team with KPMG in Gibraltar (see the Contacts section).

FOOTNOTE:

1 For the text of the new law, see: <https://www.gibraltarlaws.gov.gi/legislations/income-tax-amendment-no-2-act-2024-7495> .

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in Gibraltar:



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