



CHAIRMAN'S SUMMARY

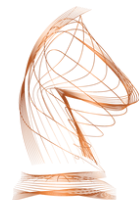
James Lasry

Since our previous quarterly update, GFIA has taken strides in supporting and encouraging the growth, development and awareness of our industry. The Executive Committee was incredibly delighted to see the high turnout at this year's Gala and AGM and continues to look forward to welcoming new members as the sector continues to grow.

A huge thank you to the Executive Committee and our Coordinators for continuing to do a fantastic job in not only organising events such as the Gala, but by also looking at new and exciting opportunities to achieve our industry goals.

NEW MEMBERS

We would like to welcome our newest members Castle Rock



CastleRock

The GFIA GALA DINNER



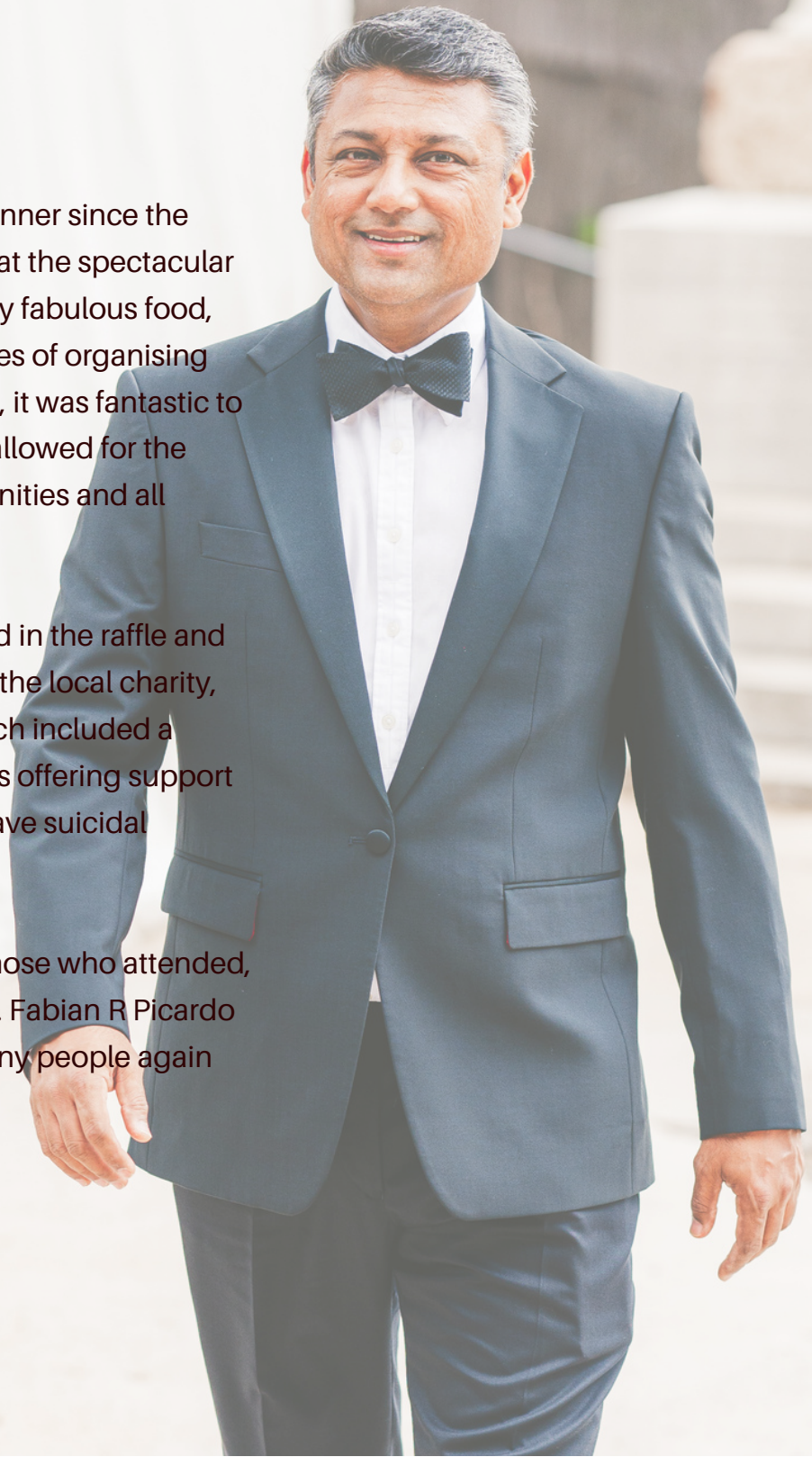


GALA DINNER

On the 19th of May, we held our first Gala dinner since the COVID-19 pandemic. The event took place at the spectacular Alameda Gardens, and was accompanied by fabulous food, wine, and entertainment. After the challenges of organising social gatherings throughout the pandemic, it was fantastic to see such an incredible high turnout which allowed for the facilitation of networking, business opportunities and all around fun.

Thank you to all the guests who participated in the raffle and donated towards our fundraising efforts for the local charity, GibSams. We were able to raise £1,000 which included a direct donation by GFIA, and will go towards offering support to people going through crisis and might have suicidal feelings and behaviour.

The Executive and Coordinators thank all those who attended, including the Hon. Albert Isola MP and Hon. Fabian R Picardo QC MP, and hope to see the return of so many people again for next year's Gala.





LONDON CRYPTO EVENT

London Crypto Event

The end of the quarter saw the Hedgeweek Hedge Funds European Digital Assets Summit in London. The event highlighted operational and product specialists within European hedge funds to discuss key developments, trends and issues driving the growth of digital asset strategies.

The event was attended by the following members of the GFIA executive: Jay Gomez, James Lasry and Jonathan Garcia.



LONDON GIBRALTAR DAY EVENTS - 31ST OCTOBER TO 2ND NOVEMBER 2022.

The Funds & Asset Managers' Breakfast will take place on Wednesday 2nd November 2022

The breakfast seminar is to be held at the Gladstone Library, National Liberal Club, which is situated at 1 Whitehall Place, London, SW1A 2HE

The seminar will include an address by a keynote speaker as well as an expert panel discussion.

08:15am - Registration as from this time

08:45am - Breakfast and event begins

09:45am - Networking opportunity

10:30am - Close

Space is limited. We anticipate that demand will exceed supply and we would therefore urge you to book asap. Please send an email to fundsbreakfast@financecentre.gov.gi to secure your space. This is a seated breakfast with tables of 10 and there will be a charge of £45 per person.



SPANISH TAX AGREEMENT

On 26 February 2021, HM Government of Gibraltar published 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 "Agreement").

Similarly, on 13 March 2021, the Spanish Ministry for Foreign Affairs also published a notice in the 'Boletín Oficial Del Estado' to the same effect. Consequently, the provisions of the Agreement are now in law in both Gibraltar and Spain, and took effect as from 1 July 2021 and 1 January 2022 respectively.

Areas covered by the articles of the Agreement include:

- tax residency for natural persons;
- tax residency for legal persons, entities and other legal structures;
- double tax relief; and
- exchange of information and administrative assistance.

Tax residency for natural persons

As per the Agreement, tax residency will be determined by the application of domestic law in Gibraltar and Spain. Individuals deemed to have dual tax residency will be subject to four tests

in order to resolve the residency conflict. If any of the following conditions are satisfied, the individual will be considered a tax resident in Spain only:

- (i) The individual spends over 183 overnight stays per annum in Spain (where sporadic absences from Gibraltar or Spain are attributed to where the individual spends the majority of their overnight stays); or
- (ii) The individual's spouse (or equivalent) or dependents resides or habitually resides in Spain; or
- (iii) The individual's only permanent home at their disposal is in Spain; or
- (iv) Two-thirds of the individual's net assets are located in Spain.

If the application of the above tests is inconclusive, the individual would be deemed tax resident only in Spain until they prove they spend over 183 days per annum and have a permanent home at their disposal in Gibraltar.

Special rules overriding provisions of domestic law of both Gibraltar and Spain will apply to certain classes of individuals upon moving their tax residence from Spain to Gibraltar, as follows:

- (i) Spanish nationals retain their tax residence only in Spain;
- (ii) Non-Spanish nationals who have spent at least one complete tax year in Spain, retain their tax residency in Spain during the four consecutive years after the year of change;
- (iii) Registered Gibraltarians who have spent at least four years in Spain, retain tax residence in Spain during the four consecutive years after the year of change.

Where required, the Joint Coordination Committee will be responsible for resolving any possible residency conflict issues. This Committee will be formed by the Authorities designated by both Gibraltar and Spain.

Tax residency for legal persons, entities and other legal structures

Legal Persons registered and managed in Gibraltar shall be considered to be tax resident only in Spain, if any of the following conditions are satisfied:

- (i) The majority of assets are located in Spain; or
- (ii) The majority of income accrued in a calendar year derives from sources in Spain; or
- (iii) The majority of natural persons in charge of effective management are tax resident in Spain; or
- (iv) The majority of capital/equity, voting or profit-sharing rights are under the control of individuals who are tax resident in Spain or Legal Persons linked to tax residents in Spain.

The above conditions apply to all Legal Persons registered in Gibraltar after 16 November 2018.

Legal Persons registered in Gibraltar prior to that date and that satisfy conditions (iii) or (iv) above, can benefit from an exclusionary clause to remain tax resident in Gibraltar, provided they satisfy the following five conditions as at 31 December 2018 evidencing genuine tax presence and economic substance in Gibraltar:

- (i) They have a fixed place of business in Gibraltar through which the business is wholly or partly carried out with adequate staff and expenditure to support their income generating activities; and

- (ii) They are subject to and pay corporate tax in Gibraltar; and
- (iii) They have operated in Gibraltar from the date of first registration to 31 December 2018, and without interruption in trade since 1 January 2011; and
- (iv) More than 75% of their income in the year preceding 31 December 2018 accrues from sources in Gibraltar as per Gibraltar tax law; and
- (v) Their Spanish sourced income for the year preceding 31 December 2018 falls below certain thresholds.

Spanish Legal Persons that move their tax residency to Gibraltar after the date of entry into force of the Agreement shall maintain tax residency only in Spain.

Double tax relief

Gibraltar and Spanish Tax Authorities shall eliminate the effects of double taxation in accordance with their domestic law.

Exchange of information and administrative assistance

The Agreement commits Gibraltar and Spain to enhanced administrative cooperation with a view to exchanging information related to taxation. From the date EU law ceases to apply, both Parties shall apply measures equivalent to the principles prescribed by EU legislation. In particular, information and mechanisms in Council Directive 2011/16 EU of 15 February 2011 and its subsequent amendments, as well as in the OECD and Council of Europe's Multilateral Convention on Mutual Administrative Assistance in Tax Matters shall apply.

Per the Agreement, information on workers who are tax resident in one jurisdiction but are employed or carry on a trade in the other jurisdiction will automatically be exchanged on an annual basis. This would apply to all workers who reside within an 80km radius of Gibraltar.

Information on vessels, aircraft and motor vehicles registered in one jurisdiction but linked to tax residents in the other jurisdiction will be automatically exchanged bi-annually.

Gibraltar has also agreed to provide Spain with information held by the Registry of Companies and the Land Registry, information regarding beneficial ownership and information regarding trusts where a party to that trust is Spanish tax resident or where the trust holds assets located in Spain.

The Agreement comprises the following administrative cooperation arrangements:

- (i) Exchange of information, whether automatic, spontaneous or on request, including simultaneous or joint tax examinations;
- (ii) Assistance with collection, including measures of conservancy; and
- (iii) Serving or transfer of documents.

Information exchanged under the Agreement is safeguarded by the rules provided in Articles 21 and 22 of the Convention on Mutual Administrative Assistance in Tax Matters of the OECD and the Council of Europe.



TRAINING

We were pleased to host training by Edgar Lopez from the Gibraltar Financial Intelligence Unit (“GFIU”) on Submitting a Suspicious Activity Report and the Consent Regime, as part of the GFIU’s outreach program, Project Nexus.

Edgar is a director at the GFIU, having previously worked with the Royal Gibraltar Regiment and later with Royal Gibraltar Police in roles such as Head of Interpol Gibraltar and Chief Inspector. Edgar has been very active in his role at the GFIU, having seen and been involved with a lot of activity within Gibraltar, but also in other jurisdictions where he has also provided training. Edgar has been heavily involved in the Moneyval and FATF assessment of Gibraltar and has a keen interest in nuclear proliferation. He is currently studying International Affairs with King’s College London.

The session was held on 1 June as a virtual session with total of 40 attendees were present from across the industry. Topics covered including:

- the functions of the GFIU;
- the online reporting system;
- consent regime under the Proceeds of Crime Act 2015;
- terminology used by GFIU to describe consent; and
- how to obtain guidance and further awareness training from the GFIU.

A recording of the session is available upon request.

GIBRALTAR STORY CAMPAIGN



GFIA is currently working on a Gibraltar Story Campaign to be convey the message of Gibraltar as a jurisdiction ready for big business. The campaign will comprise of the initial short video-story which is to be followed by various topical videos directly relating to the promotion of the funds and investments industry in Gibraltar. Such topics include the set-up of a Gibraltar fund, taxation, re-domiciliation, and more.

