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## EDITORIAL COMMENT

### Be a BRIC and give up on the tax!

Now as much a tradition as many other City of London events after thirteen years, the annual Gibraltar Day is seen as an opportunity for the government of the day to update UK Ministers and other parliamentarians and business leaders on progress within the overseas territory.

So it was something of a surprise when Chief Minister Fabian Picardo, just ten months into his role, took the opportunity to take the UK government to task strongly over its plans to introduce in two year's time a "place of consumption tax" on gaming. He did so whilst simultaneously thanking the UK for unswerving support in maintaining Gibraltar's sovereignty against Spanish repeated claims over the Rock.

The Rock is the premier host to overseas on-line gaming companies and there's a fear that some may decide to relocate to less well-regulated places in a bid to avoid the proposed UK tax, while others may see business decline. And then many jobs may also go, significant office space vacated, and Gibraltar's own low 10 per cent corporation tax take reduced!

This comes at a time when, like other European countries, Gibraltar is working to mitigate the effect of the world crisis on its economy. Not that the jurisdiction is doing badly – a 5 per cent growth in nominal Gross Domestic Product this year is anticipated.

Nevertheless, Marcus Killick, Chief Executive of Gibraltar's Financial Services Commission, notes in his Summer annual report that despite the poor EU economic outlook, "Gibraltar's economy remains firm, if vulnerable." The finance sector had proven resilient and continues to grow, but as he says, "albeit at a significantly slower pace than before the crisis began."

Killick pulls no punches: "Talks of Gibraltar being a 'bubble' are as inaccurate as they are foolish. We may be a safe haven, but the tempest beyond our harbour walls still rages in earnest." Although Picardo told the City, the Rock is not a hard place in which to do business, it clearly is not immune from the effects of the economic downturn all around.

Little wonder then that he is pushing the UK to change its mind over the gaming consumption tax and also giving some urgency to reinforcing the Finance Centre team by taking on board top level specialists to promote key areas of insurance, funds and private client work.

The focus on BRIC countries – Brazil, Russia, India and China – is timely; those economies are growing by up to 10 per cent per annum in sharp contrast to Europe, US and the UK. Financial services are regarded as the area with most potential to benefit from those four countries with spare money to invest.

Getting out in the marketplace has long been regarded by local professionals as the only means for Gibraltar to gain business and a key aim of the Finance Centre Council.

London is one thing. But does it mean Gibraltar will need an office in Beijing, Hong Kong or Mumbai, for example, to capitalize on the opportunities?

*Ray Spencer*



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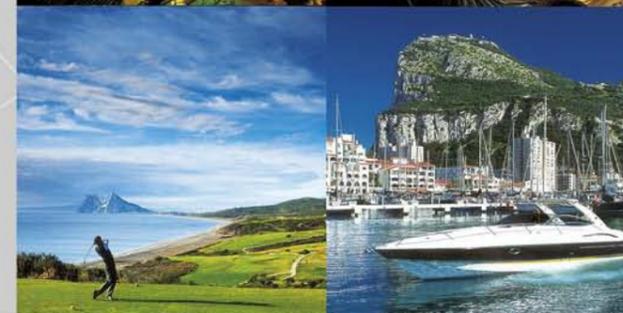
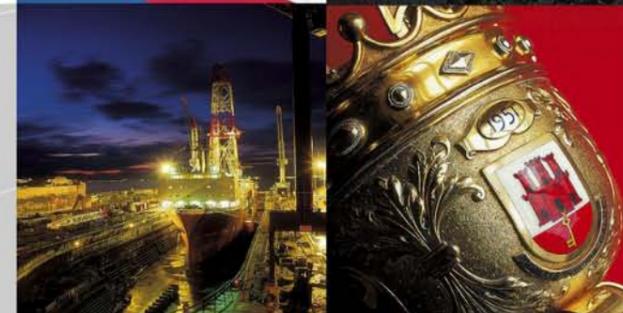
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# Picardo cautions UK on tax whilst trying to woo Spain

By Ray Spencer

Before a packed City of London reception, Gibraltar's Chief Minister Fabian Picardo appealed directly to the British Government to back down on revenue-generating plans for a tax on bets placed by its residents from 2014 that could have serious consequences for The Rock's gaming companies and employment.

He told an invited audience of nearly 1,000 at the Guildhall for Gibraltar Day celebrations in mid-October, that whilst the UK had been invaluable in defending Gibraltar's sovereignty against aggressive Spanish challenges, that same UK Government was in danger of setting "an extremely dangerous precedent" with its planned tax.

"A tax based on the place of consumption of a service starts to really pervert the idea of a common market and turn it into something it is not. If a consumption tax can be applied to bets in the gaming industry, what would stop such a tax being imposed on the consumption of financial services based in the place of residence of the ultimate beneficial owner that receives the benefit of such a service," Picardo pointed out.

That was already taking shape in the form of the Financial Transaction Tax, being promoted in Europe, and was something "We should not give any credibility to by the creation in the UK itself of a place of consumption tax applicable to remote gaming," he asserted.

And Picardo noted: "The creeping attempts at harmonisation of taxes in Europe are as anathema to Gibraltar as they are to the UK and the City in particular."



Chief Minister Fabian Picardo makes his first address at the Guildhall lunch

Since 1995 Gibraltar's gambling industry has grown from telephone betting to on-line gaming and one of the largest direct and indirect employers – it accounts for around 20 per cent of GDP (as much as the finance centre itself) and provides jobs for some 2,400 people, most of whom travel from nearby Spain across the border.

"Gibraltar is by far the pre-eminent jurisdiction in remote and online gaming in the world," the Chief Minister stated.

Extended vehicle queues to cross the border from Gibraltar to Spain over several days and heightened tensions after repeated incursions into

British Territorial Waters around Gibraltar by Spanish fishermen and police were part of "A constant attempt by Spain to put obstacles in the way of Gibraltar's own continued prosperity and progress."

Even so, Picardo told his audience that included for the first time Ambassadors from several countries, including Malta, Singapore, Russia and Belgium, that he wishes still to "engage positively with Spain and all our neighbours and European partners on issues of potentially mutual co-operation."

Over 7,000 frontier workers who live in Spain and work in Gibraltar are beneficiaries of Gibraltar's economic success, but much more could be done, he said, that "Could create thousands more jobs in Gibraltar and in the neighbouring Spanish towns," where there is high unemployment, and that

would "transform for the better the lives of people on both sides of the international frontier that divides us."

The best way to achieve this would be to revive the Trilateral Forum under which the UK, Spain and Gibraltar discuss areas of common interest and development, leaving aside all sovereignty matters.

Earlier in the day, Picardo had spoken at the Finance Centre lunch in the Guildhall Library, and skirted the UK gaming issue, saying simply that Gibraltar was the pre-eminent jurisdiction in the establishment and regulation of remote gaming.

"We are well poised to remain so," he declared, "Enjoying the highest standards of regulation as well as an open and accessible labour market to facilitate the operator's need to recruit specialist skilled employees from outside Gibraltar – either from within or outside of the EU."

Gibraltar already had some of the most advanced telecoms infrastructure in Europe and Gibtelecom – in which the government has a 50 per cent stake – is a founder shareholder and participant in the Europe India Gateway submarine cable project from London to Mumbai.

Important to e-commerce and related businesses, as well as ordinary consumers, the link puts the jurisdiction within striking distance of achieving "The fastest broadband speeds in Europe." And pointedly, Picardo said he would be seeking to "Drive down the cost of doing business in Gibraltar."

PICTURE: GRACE LOURDES TORRES

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# New team to put Gibraltar “more in your face”

The Gibraltar Government is to raise dramatically the profile of Gibraltar within the EU Financial Services community and elsewhere from 2013 by more than doubling the resources available, reports *Ray Spencer*

Recognising that “much still needs to be done,” Finance Minister Gilbert Licudi says the new government’s investment in time and manpower will include appointments of senior specialists in the areas of insurance, funds and private client work.

Speaking at the eleventh annual finance centre lunch linked to mid-October Gibraltar Day celebrations in London, Licudi told nearly 300 guests at the Guildhall Library that the task of the expanded team “Will be to market Gibraltar as a first class international financial services jurisdiction within Europe.”

And he revealed: “We will be targeting in particular BRIC countries (Brazil, Russia, India and China) as well as South Africa.”

He also reported progress with signing three Tax Information Exchange Agreements (TIEAs) this year - Italy was the third to be signed in October, following those with Malta and South Africa - making 21 in total now agreed, with 18 in force.

TIEAs are required by the OECD as part of an international commitment to transparency and openness in tax matters between jurisdictions. “A further two TIEAs will be signed, hopefully, in the next few weeks,” he added.

No progress has yet been

made with Double Taxation Agreements (DTAs), although negotiations are understood to be advanced with the UK, and Licudi referred to a committee of government and finance centre professionals working to secure DTAs.

Although not spelt out by Licudi, Gibraltar is also understood to be moving like other jurisdictions toward signing an Intergovernmental Agreement (IGA) with the US - possibly by mid-2013.

The UK in September became the first government to enter into an agreement with the US under what is commonly called the Foreign Account Tax Compliance Act (FATCA), a “reciprocal” information sharing arrangement with the US Treasury Department (the IRS).

Such an IGA, which may

require fresh legislation, as with the UK in its 2013 Budget, or possibly an amendment to the existing TIEA with the US. It will, for example, allow Gibraltar’s banks to handle US citizens’ banking and replicates the way Gibraltar reports under the EU Savings Bank Directive, effectively banks reporting to the Gibraltar Government, which in turn reports to the IRS.

*Gibraltar International* understands that the government is expected to be much more proactive - “More in your face,” as one business leader put it - than previously in the hope that it translates into new business. The Finance Centre under its Director, Jimmy Tipping, will have from the New Year three senior executives for development of business in

each of the target areas, as well as three more marketing administration positions, resulting in “A step change in resource and effort.”

It was the first time that the finance centre occasion for the City of London - the largest so far, with more than 200 of those attending being non-Gibraltarian - has been addressed by both a specialist finance minister and the jurisdiction’s Chief Minister, Fabian Picardo who declared: “Despite being a Rock, Gibraltar is not a hard place to do business.”

He said that in partnership with the City, “We know that Gibraltar can remain an ever more attractive destination from which to do business with Europe and the world.” In facing up to new challenges and new opportunities, Picardo asked that the UK Government “Share your concerns and your ideas with us so that we can become the facilitators of new business to the mutual benefit of the UK and the Rock.”

## US moves on e-money solutions

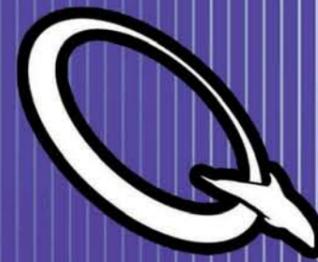
Gibraltar’s stake in the e-money transfer and prepaid issuer market has been given a boost by two developments from US companies.

Payoneer (EU) Ltd is the new business licenced by the Financial Service Commission being set up as part of an expansion move into Europe by New York-based Payoneer, a large global payments and money transfer business.

The business will enable world-wide low-cost money transfers to more than 200 countries with a focus on payout solutions for international businesses as well as marketing companies and affiliates networks.

Payoneer, based at the International Commercial Centre in Main Street, is the third non-bank e-money operation in Gibraltar, the others being Wave Crest Holdings, a private company and the present largest, Transact Network.

Delaware-based The Bancorp Inc., has just bought Transact, which is based in nearby Victoria House, “A well regarded pan-European electronic money institution” to spearhead Bancorp growth in the EU, according to President and Chief Executive, Frank Mastrangelo, who wants to offer “A wider set of European payment solutions and other enhanced products, flexibility, capability and scalability.”



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# Gibraltar Private Equity Funds and Alternative Investment Fund Managers Directive

Peter Young, a Senior Associate at Hassans Law Firm, reports on behalf of the Gibraltar Funds and Investments Association (GFIA)

Since the implementation of Gibraltar's Financial Services (Experienced Investor Fund) Regulations 2005 (now replaced by Financial Services (Experienced Investor Fund) Regulations 2012), the Gibraltar Experienced Investor Fund (EIF) has proved a popular vehicle amongst the international investment management community. Whilst regulation from Europe in the form of the Alternative Investment Fund Managers Directive 2011/61 (AIFMD) will impose fuller regulation on larger private equity funds where the manager and/or the vehicle are domiciled in Gibraltar, there are opportunities for Gibraltar to make inroads into an industry which has been traditionally dominated by other common law finance centres.

## The Gibraltar Limited Partnership and the EIF Regime

A high proportion of private equity funds are structured as limited partnerships or vehicles of a similar nature due to tax transparency and flexibility. Gibraltar's limited partnerships are comparable to the English version, but there are some key differences. A Gibraltar limited partnership has perpetual succession and separate legal personality, the two key common law ingredients for body corporate status. Separate legal personality means they are also suitable as funds of funds, because it can invest as a limited partner in another fund in its own name.

The EIF regime is Gibraltar's fund offering specifically for high net worth/sophisticated investors. This enables marketing to an unlimited number of potential investors, although placement restrictions in relevant jurisdictions should be respected. EIFs are regulated by Gibraltar's Financial Services Commission but have rapid and inexpensive pre or post-launch registration procedures, and have no investment or leverage restrictions.



## Taxation

Gibraltar limited partnerships are confirmed as tax transparent by HM Revenue & Customs in the UK, as well as by various other tax authorities. This is helpful where there are beneficial double tax treaties between the country of residence of investors, and the countries in which investments are made by the fund.

Gibraltar has a territorial system of taxation, and only taxes income, not capital gains. A typical EIF limited partnership and its partners would therefore not suffer Gibraltar taxation, although a fund may seek a specific exemption from tax for its investors if desired.

Unusually, despite being within the European Union, Gibraltar is outside the VAT area. Therefore the services that an EU investment adviser provides to a Gibraltar private equity fund are outside the scope of VAT and there is no irrecoverable VAT cost for the fund in Gibraltar.

Consideration would have to be given as to whether investments are made directly from Gibraltar or through another jurisdiction. A locally incorporated holding company can expect to obtain, at least from certain jurisdictions such as Luxembourg, the benefit of the EU Parent Subsidiary Directive, and the Interest and Royalties Directive, which together eliminate many withholding taxes on returns from overseas European investments. Since the parent fund, and the general partner directors, would be

Gibraltar based, this makes it easier to establish substance in Gibraltar. Gibraltar has a wealth of EIF licensed directors that specialise in different sectors of industry and commerce with experience gained both in Gibraltar, the UK and elsewhere.

## Alternative Investment Fund Managers Directive

Gibraltar's position in the European Union means that any manager, referred to as an Alternative Investment Fund Manager (AIFM) considering Gibraltar as a jurisdiction to domicile a fund must consider the impact of the AIFMD on their business. AIFMD must be implemented by Member States by 22 July 2013.

Currently, there are no restrictions or specific requirements for private equity funds within the EIF regime. This will change following the implementation of AIFMD in Gibraltar. AIFMD only applies where the AIFM (which could be the fund itself, if it is self managed) has assets under management over a certain size threshold. For private equity funds and managers to which AIFMD applies, AIFMD will affect not only the manager (as regards permitted activities, licensing, remuneration of key personnel, substance, capital requirements) and the structure of the fund (such as depositary requirements, prospectus, valuations, liquidity), but also impact upon private equity deals.

The areas which will be most impacted by AIFMD include:

- notifications/disclosures on acquisitions and disposals of interests in EU registered companies
- asset stripping restrictions, again in respect of EU registered companies
- depositary requirements.

A number of these provisions will require procedural changes to be factored into the deal process. In addition, the AIFMD requires greater transparency in respect of deals. Private equity vehicles with an AIFM regulated manager will be required to disclose sensitive information

*Continued on page 18*

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# Employment Registrations – Don't be caught out!

By Patrick Pilcher, Senior Manager, PwC Gibraltar

The proper registration of labour in Gibraltar is something that the Ministry of Employment have always taken very seriously, but recent anecdotal evidence shows that the regulations are being applied by Government more rigorously than ever. The purpose of this article is to raise awareness of these requirements and guide new and existing employers alike through the process.

## Business registration

The first step in the employment registration process is the registration of the business. Gibraltar employment law requires that every person or organisation with a place of business in Gibraltar or who carries out

Harbours together with the certificate of incorporation, particulars of the company's directors and registration fee (currently this is £50 for the initial registration and £20 for the renewal).

The approval process usually takes a week.

Only companies registered under the Gibraltar Companies Act are able to register with the ES. Any non Gibraltar incorporated company, that is considering employing individuals in Gibraltar can only do so if they first register under Part X (Place of Business) or Part XIV (Branch) of the Companies Act.

Registration as a place of business is for companies who cannot register as a branch because they either they are:

- incorporated in the United Kingdom



then needs to complete a Form CT3 Company Registration form which can be downloaded from the Government website ([www.gibraltar.gov.gi/taxation/1490-corporate](http://www.gibraltar.gov.gi/taxation/1490-corporate)). This form should be accompanied by the company's certificate of incorporation, its memorandum and articles of association, a company profile from Companies House and the certificate issued by the ES above. The entity should receive its employer pack from the tax office usually within a week of application.

The notification is valid for a period of three months from the date on which the notification is registered.

All employees need to be registered with the ES by no later than the date that the engagement commences.

This process involves completing the standard "Notice of Terms of Engagement" form which includes details such as the employee's name, position, working hours, salary, start date and notice period.

The form needs to be signed by both the employer and employee and delivered to the ES. The engagement, once approved and registered, will be stamped and the ES will retain a white copy for their records and will return a yellow copy for the employee and a blue copy for the employer.

The employee will then need to take their copy of the contract to the Income Tax Office so that they register and obtain a tax code, a copy of which is sent to the employer who will apply the employee's tax code when processing the payroll.

Problems can arise where a position needs to be filled at short notice as this will not be possible as the regulations do not provide flexibility in this regard.

## Work permits

An individual that is not an entitled worker (generally this refers to non EEA nationals) will require a work permit before employment can commence in Gibraltar.

To obtain a work permit

*Continued on page 20*

“ Gibraltar employment law requires that every person or organisation that carries out business in Gibraltar be registered with the Employment Service ”

business in Gibraltar be registered with the Employment Service (ES). This registration is renewable annually on the anniversary of the first registration.

The registration process involves completing the relevant "Application for Registration" form and submitting it to the ES at Unit 76, 77 Harbours Walk, New

- they are not limited
- their activities are not sufficient for them to be defined as a branch.

Once the registration is processed, the certificate issued is required in order to register the entity as an employer with the Income Tax Office at St Jago's Stone Block, 331 Main Street.

The prospective employer

## Employee registration

One of the biggest pitfalls for employers is failing to provide the Director of Employment with sufficient notice prior to engaging a new employee.

The "Notification of Vacancy" form needs to be filed by no less than 2 weeks prior to the commencement date of the employment.

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# Going back to roots helps bring real growth

Out of a dying family motor dealership, 59 years old **George Bassadone** has built one of Gibraltar's largest and most successful businesses, in large part by exploiting a niche market

It was 18 months after joining his father's business from law school in 1976 and learning how to sell cars that Bassadone convinced family members – two elder sisters, an uncle, his brother-in-law and father (also named George) – to diversify from the British and French marques they handled and instead take on Japanese models.

Not everyone approved, but the fact remained that exchange rates for French Francs made the Peugeots uncompetitive and British Leyland had swallowed Standard Triumph; 23 years old George, just 18 months in the business, was allowed to follow his instinct.

"It was a radical move, but the Japanese car industry was nascent in terms of exports to Europe, so it was either take them on or close our business," George admits. Initially, a link was formed with Honda as an extension to the motorcycles it already imported from Japan. Then shortly after, Toyota agreed to make Bassadone Motors an independent distributor, at first with cars and then commercial vehicles.

"My father backed it in a neutral way – he never said no; he gave it his blessing, but without vocalizing it and I was just left to get on with it." Two years later his father died and until 1986 responsibilities for the wider Bassadone Group interests – including Line Wall Road Property, the BP Petrol Station, The Caleta Hotel, and Exchange Travel – were split between family members.

"Essentially the business was run by a committee, never a good idea," Bassadone reflects, and two years later he began the move progressively to buy out the interests of his family – a process that took a full 14 years until 1992 when his elder sister Shirley and her husband Brian Callaghan



left and took ownership of Gibraltar's Caleta Hotel.

## Keep reinvesting

"My vision during this whole process – and still is today – is to keep reinvesting in the business and to invest profits in growth. My eldest sister is 16 years older than me, and it is understandable that we had different perspectives and priorities at that point in our lives," he explains.

When George joined the Bassadone business there were eight sales vehicle showroom staff and 10 others involved with after-sales – today, there are 200 people employed in Gibraltar, of which 50 are in sales.

The Toyota link foreshadowed a step change in the direction of the Gibraltar business – it now accounts for 90 per cent of operations locally.

Having been asked in 1985 by a Danish motor dealer to supply six right hand drive Land Cruisers destined for Africa, further orders followed from that firm and then a second Danish concern and a third in Holland.

On a 1988 visit to Tokyo, one of

Toyota's senior directors probed by light heartedly suggesting "the island (sic) of Gibraltar must be sinking under the weight of all those vehicles you are supplying." George decided to come clean on where the vehicles were going, risking the disapproval of Toyota, but the arrangement was not ended.

The four wheel drive vehicles were going to non-governmental organisations (NGOs) to help with humanitarian aid programmes and, after a liberalizing in Toyota policy later in 1988, Bassadone decided to cut out the middle man and headhunted people with relevant experience from Denmark.

The target for his then Bassadone Project Vehicles business – later to become Toyota Gibraltar Stockholdings (TGS) – was international aid and humanitarian agencies (such as the UK's Oxfam) working in rapid relief, emergency and development projects worldwide as well as the United Nations (UN) with offices in Denmark and the USA. Today he is their Number One supplier.

"But after three years these specialists wanted to return home, so having thought we had acquired sufficient knowledge we recruited from Germany, France and the UK specialists who could sell in their native tongue, which gave customers confidence," he says. "Luckily, they all married Gibraltar girls and stayed!"

## Adapt to differentiate

But to differentiate Bassadone's enterprises from competitors worldwide, the firm began converting the off-the-shelf Toyota vehicles and adapting them mainly into ambulances, specially armoured vehicles, extra heavy duty 4x4 vehicles for use in deserts and swamp terrain, and sometimes to transport essential water, fuel and generators.

The most unusual vehicle projects have been periodically to add an array of communications equipment for use with political campaigns in various African

*Continued on page 16*



cutting through complexity

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Continued from page 14

countries – what Bassadone jokingly calls “the speakeasy conversion!”

He notes: “The Land Cruiser is a tough, competent vehicle, but we adapt it for extensive off-road conditions. Most are supplied to Africa, but also wherever there is aid needed as a result of natural disasters or support in hot spot conflict situations.”

Some vehicles have been sent to Asia, for example when in 2004 the tsunami struck and also the Afghanistan conflict. It’s a sizeable logistical task. But a recurring feature is the need for a rapid response, which is why a stock of around 600 Land Cruisers and Hilux models are held in store.

Until two years ago the 4x4s were supplied from Japan direct to Gibraltar’s port, but Bassadone now ships into Spain more economically – “the rates are cheaper, for some reason” – stores them at his depot in Sagunto/Vigo and then around 250 vehicles a month are transported on 70 trucks into Gibraltar.

Contrary to the experience of road users who have frequent delays of three hours to cross the border, he claims: “We have had no problems with the Spanish frontier authorities – they are extremely co-operative going in and out. On one occasion when the Haiti disaster struck on a Tuesday in early 2009, we had our vehicles on the ground in the country by Friday.” Sometimes they are airlifted from Malaga and even Amsterdam’s Schipol.

Bassadone’s family is steeped in Gibraltar business. His grandfather opened a men’s outfitter in Main Street in 1904 and in 1927 his father took on the Peugeot franchise, whilst also finding time to diversify into supplying fruit, vegetables and eggs imported from Egypt for the British fleet based locally.

In the last war, his father became a defence works contractor to the British government, before returning to the car franchises in peacetime. “He was a natural entrepreneur, larger than life in finding business opportunities. Even so, it was a relatively small business,” Bassadone recalls.

“I was born into a business and subconsciously I was sucked in by the idea of business. I felt a responsibility too as the only son and as my father was 40+ years

older than me; it was my duty to go in and to help, but it was not a tough duty as I wanted to be there.”

His eldest son George (30) joined the business four years ago and has been developing a new aspect. “He has secured a contract to supply the US forces with the Chrysler Jeeps and also supplies half a dozen other countries,” George senior says proudly.

But conscious that the NGO and UN market demand was at best unpredictable, he also had developed in early 2000’s another business strand and went back to his roots buying a 50 per cent stake in a Finnish domestic car distributor to the three Baltic States - Estonia, Latvia and Lithuania - and Finland itself.



Toyota vehicles being converted into ambulances in the workshop

Since then he has captured a 10 per cent market share there, having bought the other half of the company and two other businesses, and trebled sales to reach 13,500 vehicles last year, a performance some 30 per cent up on 2010.

### Move into UK

Last year, the Group made its first in-road to the UK vehicle market, taking on the SsangYong distributorship.

It has meant a great deal of travelling – nearly half his time is spent away from Gibraltar – and he seems unaware that it has taken over 18 months and three postponed arrangements, to set up this rare interview.

His thoughts now are turning to “stepping down a bit at the end of next year, although I’ll continue to represent the company at meetings and be an active director.” An easy smile and apparent laid-back approach, belie the intensity with which he drives the business.

In particular, he loves to visit annually “beautiful, tranquil Genoa”, (from where his family originates). “I used to be an outright Anglo Francophile, but now I’m very much Anglo Italiano in spirit,” Bassadone reflects.

As the supplier of almost half of all Gibraltar’s cars through Audi, VW and Renault franchises as well as Toyota, Honda, Suzuki, Kia, Hyundai and Peugeot, he is convinced the territory will increasingly turn to cleaner and greener vehicles, encouraged by government policies, and he expects shortly to see electric charging points for cars installed.

He recognises that “times are extremely tough for the local economy” and sees the finance and legal sectors as offering growth prospects. As has been applied to his own enterprises, Bassadone believes: “You have got to be ambitious and plan to have growth targets, or else nothing will happen.

“You may not achieve your targets as soon as you expect, but if you miss them by a couple of years... so what,” Bassadone observes with more than a passing nod to the new government’s aim to grow the Gibraltar economy by 50 per cent in four years.

Yet he feels, Gibraltar has “a long way to go and needs to become more efficient” and points to the Bassadone Group philosophy of “continuous improvement – cost reduction, management procedures and staff motivation.”

### Growing €1/2bn sales

His Gibraltar staff is intensely loyal, most having been with the enterprise for many years, including close confidant and friend Kevin Jones, a Welshman who joined in 1992 as Number Two in the accounts department and now is Group Chief Executive Officer.

Bassadone’s personal target for the Group with close to €½ billion sales is “to increase our Finland and Baltic car share from 10 to 17 per cent within 5 years and overall Group turnover by a third in the same period.”

Whilst he doesn’t see the group growing its physical presence greatly in Gibraltar, the growing export side of the business, he assures, will add to turnover and profits produced locally.

*Ray Spencer*

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## FUNDS

Continued from page 10

on acquisition of control of a target including details of their financing arrangements, which includes disclosure of their debt, investor, management, and vendor financing. They will also be required to disclose their intentions with regard to the future business of the target and the likely effect the transaction will have on employment.

AIFMD also obliges a fund to produce an annual report of the portfolio company or of the fund itself. The annual report must include a fair review of the development of the portfolio company's business, its future plans for development and must highlight any significant events which have occurred since the end of the last financial year. The disclosure of sensitive information could disadvantage private equity funds, and therefore AIFMD includes confidentiality provisions, but leaves each Member State to implement its own rules in this regard. We anticipate that the Gibraltar legislator will include fair but strong protections in this regard.

### The AIFMD Marketing Passport

One major benefit for a fund manager complying with AIFMD will be the pan-EU marketing passport. The passport allows authorised AIFMs, which include Gibraltar AIFMs, to offer their AIFs freely throughout EU member states to professional investors. The AIFMD passport could effectively open up some EU markets, such as Spain and France, for the first time.

Fund managers outside the ambit of AIFMD (by virtue of them managing funds under a size threshold) and who do not wish to opt-in, will be able to continue to be domiciled in an EU member state if the national laws of that jurisdiction allow. We envisage that Gibraltar will continue to allow this. They will be able to continue to offer their funds throughout the EU under the national marketing laws of each member state (normally under private placement regimes, prior to their possible eventual abolition in 2018). Such fund managers will find that being established in Gibraltar is a tactical advantage since the

decision to opt-in to AIFMD can be delayed until a later date once the passporting provisions have been tested, and other member states indicate how their national laws will deal with non-AIFMD fund offerings and private placements. For example, Germany has recently issued its draft act transposing AIFMD into German national law which bans private placements in Germany along with implementing other strong restrictions on fund promotions.

After 2015, non-EU fund managers managing non-EU funds will also be able to take advantage of the AIFMD passport; however this is on condition that the regulatory regime of the non-EU domicile is on level with the one provided under AIFMD and there are co-operation agreements between the respective jurisdictions. There is still much uncertainty surrounding this "third country passport" at the moment and many fund managers are taking the more careful approach of domiciling their funds within EU jurisdictions.

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## GOVERNMENT REGULATIONS

Continued from page 12

the employer will need to satisfy the Director of Employment that there are no suitable entitled workers capable of undertaking the job.

This process can be lengthy and should not be underestimated. The employer would need to build a case for employing the non entitled worker which could be because of their very specific skills or experience.

Copies of qualifications will need to accompany the application, as will evidence that the company has advertised the vacancy, together with reasons why any applicants that are entitled workers are not suitable for the advertised position.

The Director of Employment will also require that the employer pay a

deposit equal to the cost of sending the worker to their place of origin on termination of the employment.

### Employee termination

On termination of employment, the employer must within 7 days from the date of termination submit to the ES a "Notice of Termination" form. Details of the reason for termination need to be provided together with other details as required by the form.

The form must also be signed by the employer and employee. Problems may arise where an employee resigns from their position and refuses to sign the form.

In these instances the ES will accept the form signed only by the employer, accompanied by an explanatory note.

### Detached workers

This status is intended for non resident employees who are employed in an EEA country which is outside Gibraltar performing work of a temporary nature in Gibraltar. The "contracting-in" Gibraltar registered employer must within 5 working days of the commencement of work complete a "Notification of Temporary Employment of a Detached Worker" form.

The form should be completed with the personal details of the detached worker together with a detailed description of the works and period of the employment and submitted together with the registration fee of £50 and original E101/A1 certificate of coverage which the "contracting out" employer needs to apply for on the basis that the employee is maintaining national insurance

contributions in their home country.

### Fines and penalties

Failure to comply with any of the notifications and by the required due dates could prove costly as it could lead to the imposition of fixed penalty offences of up to £1,500.

The Ministry of Employment's labour inspectors do routinely visit places of business unannounced and check for compliance with the regulations.

They are able to interview any person they find on the premises and any individual causing wilful delay or obstruction or wilfully misleading an inspector is guilty of an offence and upon summary conviction liable to a fine of £5,000.

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# Projects boost historical appeal for private sector

Gibraltar is to promote two new tourist attractions that are expected to add greatly to its historical appeal and boost The Rock's 12m visitors annually, as well as having useful educational appeal

One project is of such significance that it has convinced Britain this year to add it to a list of proposed locations to gain formal recognition in 2014 from UNESCO as a World Heritage site.

In parallel, Gibraltar is planning to capitalize on the prestige of the Goreham's Cave Complex to create a Neanderthal Theme Park! Evidence of Phoenician, Carthaginian and Neolithic occupations, together with more recent finds, at Gorham's Cave suggest Neanderthals were still living on Gibraltar about 25,000 years ago! That's some 5,000 years after they had been thought to be gone from the world and, according to Prof. Clive Finlayson,

Gibraltar Museum director, "well after the arrival of modern humans in Europe."

The near sea-level archaeological site on the east side of The Rock was discovered in 1907 and first excavated in 1950's and is believed to be possibly the last place where Neanderthals survived.

An international team visited Gibraltar in August to further excavate Gorham's Cave as well as the adjacent Vanguard Cave, which shares much of the pre-historical evidence.

The extent to which the Complex can be incorporated into the proposed theme park has yet to be determined, but the government along with private enterprise, is expected to fund the development.



HMS Pickle replica, a new Gibraltar tourist attraction

Culture and Heritage Minister, Steven Linares, believes the potential offered by the caves – there are 200 registered caves in Gibraltar and nine with evidence of

*Continued on page 24*



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## TOURISM

Continued from page 22

Neanderthals – is such that it could take until 2015 to fully develop the theme park concept.

More immediately, HMS Pickle, a 17 years old replica of a 73ft twin-masted tall ship built in 1799, was expected to berth at Ocean Village Marina on Gibraltar's west side at end-October after a month's storm damage delay en-route from the UK.

Robin James, a one-time business consultant to major international enterprises such as BT, now manages the ship on behalf of his father a former chief engineer and harbourmaster on the Isle of Anglesey.

The original ship was the first ship to bring the news to Great Britain in 1805 of the British sea victory over the combined Spanish and French fleet at the Battle of Trafalgar and of Lord Nelson's death.

James' family bought Pickle in 2005 after it played a central role in the Battle of Trafalgar Bicentenary Celebrations. Even today Royal Navy petty officers have an annual Pickle Night dinner, as do many private clubs in the Commonwealth.

He told *Gibraltar International*: "Pickle had real appeal for me because of her rich history and heroic adventures in

the Caribbean and Europe. In her short lifetime she was often in Gibraltar and it seems to be very fitting that HMS Pickle should return and bring joy to locals and tourists alike for the foreseeable future."

### Hands-on Pickle

The original ship was wrecked and sunk off the southern Spanish coastline in 1808, but the replica is uncannily similar and gives us a great insight into the methods and technologies of the time.

Brian Stevendale, Ocean Village Commercial Director noted: "HMS Pickle is a real coup for us. Touring tall ships is a fun and educational activity, allowing adults and children alike to appreciate the history and get a feel for what it was like to crew a great schooner."

The part-static museum, part-working schooner will be available for public viewing and occasional corporate sailing events. James will have a small team operating the vessel with master classes in rope skills and hands-on tours "where people can touch and move things rather than everything being behind glass or other barriers."

After six days sailing and gale

battering in the Irish Sea and Bay of Biscay - a route via Cape Trafalgar which the original Pickle would have taken many times - the £350,000 schooner with a crew of eight was forced into the tiny Spanish Camarinas harbour to undertake £40,000 of sail and engine repairs.

The Pickle tourist attraction is a private venture in partnership with the Gibraltar Government, which has promised to provide substantial marketing and promotional support.

James chose to base HMS Pickle at Gibraltar rather than take up similar options in Malta and the Caribbean, because of "the enthusiasm and support of the Gibraltar Government and also the Rock having the strongest historical association with the original vessel."

Minister for Tourism Neil Costa aims to encourage private operators to invest in their product with confidence and the government has allocated £1m this year to help "unlock the potential of our tourist sector." A new interactive web platform is being developed to "more effectively market Gibraltar in a more modern, vibrant and dynamic way," he says.

Ray Spencer



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# Bike scheme proves popular for business

Gibraltar's own version of London 'Boris bikes' to get more people to switch from using their cars, is providing the prototype for cycle hire schemes that it is hoped will be introduced across at least three English counties

**G**ibibikes, launched a year ago with a first phase of eleven 'bike stations' and around 100 bicycles, is the result of an £800,000 investment by My BikeStation, a UK company "founded in 2010 to provide "flexible, tailor-made bike schemes to an array of clients, from both the public and private sectors".

Serial entrepreneur Ian Capon with business partners, unsuccessfully bid in 2009 to operate the Transport for London sponsored Barclays Bikes bicycle share

system for the capital, which was awarded to Serco, a public and private transport operator.

But the software that had been developed along with hardware that had been sourced was of interest to the former government on The Rock.

"We had produced a very robust computer programme that could track the location and usage of the bikes that allows the operator – in this case the Gibraltar Bus Company managing the scheme on behalf of the government - to ensure the machines



are in position wherever they are in demand", Capon explained.

Gibraltar pays £320,000 a year for the scheme, according to Neil Costa, Public Transport Minister, and means My BikeStation can expect a return on its capital within three years.

My BikeStation sources the bikes in Poland and the storage rack system from Belgium using an internet-based wifi system developed by associates in the UK.

Initial reported problems with the Gibibikes scheme – empty stands, bikes breaking down, operational software glitches – have been overcome, Capon claimed.

Two further bike stations have just

been introduced and, as a result of the new Gibraltar government embracing the scheme as part of its developing 'green' environmental policy, Capon expects Gibibikes will progress with a second stage scheme by end-November. That will raise the total number of bike stations to 22 utilising 150 bikes with an average of some 12 bikes available per station.

Users pay £25 for a Gibibikes membership card and use is free for the first hour each day. "That equates to around 5p a journey since very few people go on to pay for extra time", Capon explained. London's scheme with around 8,000 bikes and nearly 600 docking stations, is free for the first 30 minutes after paying an access charge of up to £45 a year.

Most users make point to point journeys, with the software logging when the bike is removed from the racks and returned to a docking station. The Bus Company states: "Once you receive your Gibibikes card you will be able to collect a bike from any of the bike stations, use it for your journey, and then return it to the station nearest to your destination."

So far around 300 membership cards have been issued with a similar number of applications pending availability of more bicycles.

Now Capon, who earlier developed the world's first virtual reality television studio, is in negotiation with Berkshire, Hampshire and Surrey County councils to introduce a similar bike sharing scheme, but possibly having the membership cards also linked with various local service facilities, including a complete stand alone modular shower and changing room unit for office workers.

"In London, a survey has shown that more than half the members of gymnasiums gave the reason for joining was use of the changing facilities near to their work after cycling, so we are exploring the possibility of installing these units in the car parks of office building", Capon revealed.

"As with the Gibraltar scheme, this bike sharing approach should be seen as part of a total public transport solution, with the added benefit of also being a healthy option", Capon enthused.

*Ray Spencer*

## More aircraft landing

A three day's a week link between Gibraltar and Birmingham Airport is to be launched by Monarch from 23 March, in addition to increases in its Manchester and Luton services to The Rock. In the meantime, BA has just increased its weekend Gibraltar service from London Heathrow to twice a day.

Transport Minister Neil Costa told Parliament at end-September that a consultant had been engaged to assist with airline business development including "introducing Gibraltar as a potential destination to Nordic countries – in particular to Germany – and other operators in Spain and other operators in the UK". It would be "ideal if we had a signed agreement of a new air route coming to Gibraltar" by the year-end.

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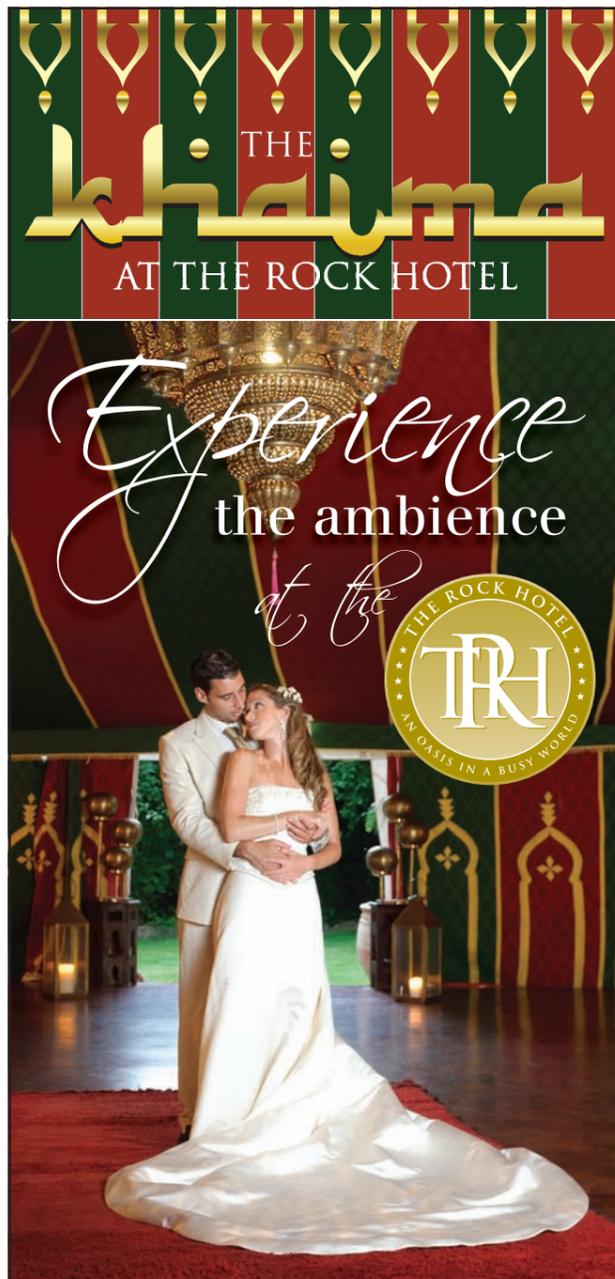
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## BUSINESS

### KPMG goes for space

Mike Harvey was looking justifiably proud when he welcomed guests to a reception to mark the opening of his new offices in the Leisure Island building, Ocean Village. When KPMG started in Gibraltar five years ago he was the only employee - now he has a team of 16 people. He joined PricewaterhouseCoopers Ltd, another accountancy firm, ten years ago, before moving in 2007 to start up the KPMG operation in audit, tax and advisory services in the Eurotower building.



"It was a time when we did not know just how successful we would be, but we grew to such an extent that we ran out of space and 'hot desking' isn't the most efficient way to work," he told more than 60 invited guests in their new spacious premises. [www.kpmg.gi](http://www.kpmg.gi)

### New look website for GIA

Following the success of its first website launched in 2010, the Gibraltar Insurance Association (GIA) are pleased to announce the launch of a new look website, which has many more features to enhance communication with its members and those interested in Gibraltar's insurance market.

Members and non-members can all subscribe to the mailing list and will then receive e-mails automatically produced from a new RSS web



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feed, which means they will never miss when a post is added to the website. Members will be able to access a member-only content once logged in.

For more information, please visit [www.gia.gi](http://www.gia.gi)

### New chairman for the FCC

Peter Montegriffo, a partner for 24 years at Gibraltar's largest law firm Hassans, has been elected chairman of the jurisdiction's Finance Centre Council (FCC) that brings together bodies representing all major finance sectors to discuss common issues and joint initiatives.

A specialist in corporate and commercial law and dealing with multiple jurisdictions, Montegriffo has been closely involved in drafting changes to Gibraltar's legislation in trusts, financial services and gaming.

In FCC discussions with government, Montegriffo will draw on his previous four-year experience as Gibraltar's Minister for Trade and Industry for the political party now in Opposition!

He succeeds the three-year term of Kerry Blight, who has resigned from the FCC to give greater attention to his role as Chief Executive of Credit Suisse (Gibraltar).

### Banking moves

The head of NatWest Bank operations (part of Royal Bank of Scotland) in Gibraltar, 45 years old Marvin Cartwright, is to join Credit Suisse (Gibraltar) in December as Head of Private Banking.

The surprise move after 17 years in Gibraltar with NatWest means Cartwright will be joining up again with Kerry Blight, his predecessor as Country

Manager at NatWest and now the Chief Executive for Credit Suisse (Gibraltar).

Cartwright, described as one of the most experienced bankers on The Rock began as a business development manager and at one time was head of NatWest Gibraltar's Corporate Banking.

No formal statements have yet been made by either bank, but it is known there has been some dissatisfaction with the RBS decision to switch in 2009 responsibility for its Gibraltar operation from London to become part of NatWest International in Jersey.

### First meeting of Funds Panel

The Funds Panel that was established by the Financial Services Commission (FSC) in June 2012, held their first meeting in September.

Areas discussed covered the process for appointing external fund administrators to provide services to Experienced Investor Funds (EIFs) and a provision introduced by the

Commenting on the meeting, Joanne Beiso, Head of Funds & Pensions at the FSC said: "The Funds Panel meeting was a great success, with many relevant areas being discussed with the industry participants. The FSC received a lot of valuable feedback from participants. It has been extremely useful and a valuable aid to the Commission in its supervisory work and in ensuring that we listen to and work with the industry to ensure the continued success of this growing industry."

Government representative in the United States.



Mr. Carseni, who has lived in New York for many years, was formally invited to take on this role before a meeting in October of the Gibraltar-American Council, which was attended by both the Chief

## Business ROUND UP

The Commission added, that it will continue to work closely with the Gibraltar Funds & Investments Association (GFIA) and will continue to welcome GFIA's

Minister, Fabian Picardo and the Deputy Chief Minister, Dr. Joseph Garcia.

Carseni will work with the Gibraltar-American Council, to promote Gibraltar in the USA. His role will include political lobbying work and the attraction of business opportunities and commercial investment in Gibraltar.

A sub-committee of the Council has been set up to plan and coordinate a number of events designed to promote what Gibraltar has to offer.

### Business leaders unite to achieve common goals

Gibraltar's fast-growing reputation as a leading online payments jurisdiction was further endorsed this month with the founding of the Gibraltar Electronic Money Association (GEMA).

Members of an already thriving online payments business community in Gibraltar have formed the association to champion

Gibraltar as the location of choice for global Payment Service Providers (PSPs), wishing to benefit from Gibraltar's unique position within Europe.

GEMA members offer consumers (B2C) and/or businesses (B2B) the ability to load prepaid cards and accounts (such as electronic wallets) to carry out a wide range of transactions (online and physical).

Marcus Killick, Financial Services Commissioner, stated "The Financial Services Commission (FSC) is supportive of the electronic money industry and is working closely with the industry for an efficient regulatory environment which complements the innovative approach of this sector."

### Gibraltar signs TIEA with Italy

In October, The Government of Gibraltar signed a Tax Information Exchange Agreement (TIEA) with the Government of the Italian Republic.



The Finance Minister, Gilbert Licudi QC, signed the agreement with Ambassador, Alain Giorgio Maria Economides at the Italian Embassy in London.

Minister Licudi said that he was: "Particularly pleased to have signed this TIEA with Italy. This agreement brings the total TIEAs signed to 21, with 18 of those having already entered into force." He added: "I trust that this agreement will encourage the development of a closer business and cultural relationship with Italy." *See New team to put Gibraltar "more in your face" page 8*



members of the funds panel, clockwise starting from bottom left: James Lasry, Joey Garcia, Raymond Joubaud, John Bensadon, Adrian Hogg, Philip Canessa, Lindsay Adamson, Susan Harland, Joanne Beiso and Nicola Smith. Jonathan Tricker, Mark Benady and Anthony Jimenez were unavailable for the photo. Photo by Annette Reyes.

Financial Services (Experienced Investor Funds) Regulations 2012.

Also discussed were, investment strategies of EIFs and developments in other jurisdictions and at EU level, which could provide opportunities and challenges to the Gibraltar funds industry.

recommendations.

The next meeting will be scheduled for November/December 2012. [www.fsc.gi](http://www.fsc.gi)

### Gibraltar Government USA representative

Gibraltarian, Joe Carseni has been appointed Gibraltar

# Paying for hotels is proving a problem

Finance – or more correctly, the lack of it – is proving a major problem that could hinder the Gibraltar Government aspirations for business and visitor growth as part of its aim to boost the economy by 50 per cent over four years

Developers, keen to build hotels and offices on The Rock to meet rising business and tourist demand, are unable to raise sufficient capital at an interest rate that makes the projects viable.

Lester Hotels, a UK operator is already a year behind schedule in its £25m bid to build a 150-bed hotel and offices on the south side of the airport runway, but is hopeful of solving funding problems by Christmas.

“It’s incredibly frustrating; we have planning permission and had two firm offers of funding, but at the last minute they didn’t materialize”, chairman Simon Lester, told Gibraltar International. “The market is completely illiquid at a sensible

interest rate, even though this is a good solid project that meets all lending criteria.”

An even larger £45m project by developer Squarestone to create a 200-bed, 5-star Hilton Hotel and substantial office space near Gibraltar town centre has similarly stalled for more than two years with financing problems.

Both hotel developers already own or have been allocated the necessary sites.

Lack of funding is not only a Gibraltar issue, however. “It’s the same in the UK”, Lester said: “If anything, Gibraltar is a plus location with a much stronger, growing economy and clear demand for more hotel beds and offices.”

Expected to open as a Hilton Garden Inn, (known as ‘a focused service hotel’), Lester has developed a “green plan”, incorporating environmentally efficient solar panels, warm heat and ground pumps that cost 10-15 per cent more than conventional systems, but are cheaper to run. The building incorporates a restaurant, bar and gymnasium, as well as 30,000 m<sup>2</sup> of office space.

In the meantime, plans are being advanced for a 53-bed hotel over seven storeys just off the main shopping street by an investment company, Threepwood Ltd., although representative Roger Pike, a local engineer who presented the project for approval, refused to provide more detail. In a bid to preserve some of the existing run down building’s façade, planners in September asked for more details of the £5m plan.

Bland Group, three years after revealing it wanted to renovate the 79 years old iconic Rock Hotel, is spending a similar amount on upgrading the 101 bedrooms, new bars and restaurant spaces and on the top a fifth floor spa with swimming pool, ‘wellness’ spa and chill out space.

Ray Spencer

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