

The Gibraltar Federation of Small Businesses
The Gibraltar Chamber of Commerce
The Fair Trade Organisation
The Catering Association
The Retailers Association
The Jewellers Association
Logistics Operators Representatives
And our Members and their Employees

For the Attention of The Hon Mr Fabian Picardo KC MP, Chief Minister

And

The Hon. Mrs Gemma Arias-Vasquez, Minister for Business
His Majesty's Government of Gibraltar,
No. 6 Convent Place,
Gibraltar
GX11 1AA

21 April 2026

Dear Chief Minister, Minister Arias-Vasquez,

**Re: Follow up to Open Letter dated 23 February 2026 – UK-EU Treaty
Implementation and Business Readiness**

We write further to our open letter of 23 February 2026 regarding the implementation of the UK-EU Treaty in respect of Gibraltar and the significant challenges facing the business community.

The delayed implementation of the Treaty provides a very welcome, and much needed opportunity to put in place measures to assist businesses, particularly those at the sharp end of the Treaty wedge. Whilst we acknowledge the continued engagement between Government and stakeholders, and the business support measures announced by Government at the beginning of March this year, we consider it essential to reiterate two critical priorities that require urgent and sustained attention.

Firstly, there is a requirement for **clear, comprehensive and written guidance** for businesses. The absence of definitive and accessible information continues to create uncertainty, making it difficult for businesses to plan, invest and comply with evolving requirements and procedures.

We note the support measures for local businesses announced by the Chief Minister on the 3rd March 2026. These include:

- **Transaction Tax deduction:** Temporary deduction to offset additional Transaction Tax costs during the 90 day “Initial Period,” applied against corporation or income tax.
- **Business rates relief:** Additional 25% relief for retail and wholesale businesses for the six months before treaty implementation, on top of the existing 50% discount, with refunds or credits where applicable.
- **Recruitment support:** Waiver of vacancy registration fees for retail and wholesale businesses for 36 months to encourage hiring and reduce recruitment costs.
- **Commercial rent moratorium:** Two-year freeze on rent increases for retail and wholesale premises, with penalties for landlords who breach the restriction.
- **Publication of a Business Manual for Brexit**

Secondly, there is an equally pressing need for **direct financial support for affected businesses** remains paramount. Many businesses, particularly those operating in the goods-based sector are facing immediate and material cost pressures because of the treaty transition. Without targeted financial assistance, there is a real risk to business continuity, employment and wider economic stability.

These support measures are welcome. For the business community to properly assess the adequacy and effectiveness of these measures, we invite the Government to share with us on a confidential basis its **projected revenue streams from the transaction tax**. This information will assist us in evaluating whether the current support measures is proportionate to the anticipated fiscal impact on businesses.

The principal commitment sought from Government in our letter of 23 February 2026 was direct financial assistance to businesses, particularly those most affected by the transaction tax. We included with that letter an overview of measures that exist within the EU that provide direct financial assistance to businesses and do not offend state aid rules. The current support measures for local business do not include direct financial assistance for businesses that are comparable to these state aid compliant measures. We ask that the Government engage with us on this most important of issues/.

We also wish to raise an urgent concern regarding importation procedures, particularly considering the delay to the Treaty implementation date. It is critical that clarity is provided as soon as possible in relation to the following matters.

- Clear guidance is needed on importation processes under the revised treaty implementation timeline.
- The ongoing issues surrounding EORI / NIF numbers must be resolved as a priority. It would be extremely useful if the Government could provide clear guidance on the implications for business of obtaining these numbers, in particular reporting obligations in Spain.
- Consideration should be given to establishing a dedicated Treaty Office to support local businesses in navigating the new requirements efficiently and correctly.

- Further clarity on the proposed requirement for a standing guarantee to cover IVA liabilities until transactions are completed in Gibraltar, particularly considering the potential impact on businesses with regular EU exports. We would also welcome guidance on freight arrangements, given indications that inbound and outbound airfreight may not be available post-agreement and the possible implications for supply chains.
- Further guidance on the evidential requirements for goods already in transit to qualify for any transitional provisions. We would also welcome confirmation of how the Transaction Tax deduction will operate during the initial 90-day period, including calculation methodology, supporting evidence and the claims process.

It is our intention to use the next meeting of the **Business Transition Advisory Group (BTAG)** to discuss in detail:

- The implementation of improved arrangements for timely, transparent and structured information sharing between Government and the business community; and
- The provision of direct financial support for businesses.

We remain committed to working constructively with Government to ensure a successful transition that safeguards and benefits Gibraltar's business sector.

We look forward to your response.

Yours faithfully,

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