

**THIRD SUPPLEMENT TO THE GIBRALTAR
GAZETTE**

No. 4,106 of 21st August, 2014

B. 26/14

BILL

FOR

AN ACT to amend the Perpetuities and Accumulations Act, 1986

ENACTED by the Legislature of Gibraltar.

Title and commencement.

1. This Act may be cited as the Perpetuities and Accumulations (Amendment) Act 2014 and comes into operation on the day of publication.

Amendments to the Perpetuities and Accumulations Act, 1986.

2.(1) The Perpetuities and Accumulations Act, 1986 is amended in accordance with the provisions of this section.

(2) In subsection 4(1), substitute “one hundred” with “two hundred and fifty”.

(3) Add the following after subsection 4(2)–

“(3) Subsection (1) shall also apply to dispositions made prior to the coming into force of the Perpetuities and Accumulations (Amendment) Act 2014.

(4) An increase in the duration of the perpetuity period to more than one hundred years of a disposition referred to subsection (3) shall be effected by a deed executed by the trustees (or as may be otherwise authorised by the instrument creating the disposition) and citing that subsection.”.

(4) Substitute section 16 with the following–

“Restrictions on accumulations for charitable trusts.

- 16.(1) This section applies to an instrument to the extent that it provides for property to be held on trust for charitable purposes, but does not apply where the provision is made by a court or by the Board of Charity Commissioners.
 - (2) If the instrument imposes or confers on the trustees a duty or power to accumulate income, and apart from this section the duty or power would last beyond the end of the statutory period, it ceases to have effect at the end of that period unless subsection (4) applies.
 - (3) The statutory period is a period of 21 years starting with the first day when the income must or may be accumulated (as the case may be).
 - (4) This subsection applies if the instrument provides for the duty or power to cease to have effect—
 - (a) on the death of the settlor, or
 - (b) on the death of one of the settlors, determined by name or by the order of their deaths.
 - (5) If a duty or power ceases to have effect under this section the income to which the duty or power would have applied apart from this section must—
 - (a) go to the person who would have been entitled to it if there had been no duty or power to accumulate, or
 - (b) be applied for the purposes for which it would have had to be applied if there had been no such duty or power.
 - (6) This section applies whether or not the duty or power to accumulate extends to income produced by the investment of income previously accumulated.”.
- (5) Omit section 17.

EXPLANATORY MEMORANDUM

This Bill provides for instruments executed on or after the commencement date to specify a perpetuity period of up to two hundred and fifty years. The Bill also provides that instruments created prior to the commencement date may specify a perpetuity period to up to two hundred and fifty years upon execution of a deed. Finally, the Bill abolishes the rule against accumulations for all non-charitable trusts, with charitable trusts being subject to a 21-year accumulation period.

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Unit 3, New Harbours
Government Printers for Gibraltar,
Copies may be purchased at 6, Convent Place, Price £0.40**