

**FIRST SUPPLEMENT TO THE GIBRALTAR
GAZETTE**

No. 2,400 of 28th January, 1988.

**I ASSENT,
PETER TERRY,
GOVERNOR.**

28th January, 1988.



GIBRALTAR.

No. 4 of 1988.

AN ORDINANCE to amend the Income Tax Ordinance.

ENACTED by the Legislature of Gibraltar.

Title and commencement.

1.(1) This Ordinance may be cited as the Income Tax (Amendment) Ordinance, 1988.

Income Tax (Amendment) Ordinance, 1988.

(2) This Ordinance shall be deemed to have come into operation on the 1st day of July, 1987.

New section.

2. The Income Tax Ordinance (hereinafter called "the principal Ordinance") is amended by inserting after section 6 the following new section-

"Provisions respecting refunds of certain contributions.

6A(1) Subject to subsection (2) where, on the termination of employment of an individual an amount is received by that individual by way of a refund of the contributions paid by him, or by his employer in respect of him, or any interest, bonus or other payment related thereto, to any pension scheme, provident society or other fund approved by the Commissioner under section 16(h) or 33, as the case may be, that amount shall not form part of the assessable income of that individual, but tax shall be payable at the rate specified in section 37B on the amount so refunded.

(2) No tax shall be payable upon the amount of any contributions or any interest, bonus or other payment, referred to in subsection (1) and refunded in accordance with the rules of the pension scheme, provident society or other fund, to-

(a) an individual who has become a member of such pension, provident society or other fund before 1 July, 1987.

(b) the widow, widower or a dependent child or relative of an individual;

(c) a non-resident individual (other than a permitted individual) on the termination of employment with an exempt or qualifying company."

Amendment of section 17.

3. Section 17 of the principal Ordinance is amended by repealing subsection (1) and substituting therefor the following subsection-

"(1) Subject to subsection (2), any interest paid by a person, or his wife living with him, on a loan to defray money applied in

purchasing, or on improving or developing a property which he or they occupy in Gibraltar for residential purposes shall at the election by the person by whom the interest was paid, be deducted from the assessable income of that person or of his wife or of both in the proportion of 50 per cent each."

Amendment of section 24.

4. Section 24 of the principal Ordinance is further amended-

(a) in subsection (2) by omitting the words and figures "23 and 26 to 33" and substituting therefor the words and figures "23, 25 to 30, 32 and 33";

(b) in subsection (3) by omitting the words and figures "23 and 26 to 33" and substituting therefor the words and figures "23, 25 to 30, 32 and 33".

Repeal and substitution of section 26A.

5. The principal Ordinance is further amended by repealing section 26A and substituting therefor the following section-

"Deduction for payments on house purchase.

26A(1) Subject to subsections (2) and (3), a person who is ordinarily resident and who proves to the satisfaction of the Commissioner that he or his wife living with him has during a year of assessment purchased for the first time ever a house or a flat situate in Gibraltar for his or their own residential occupation shall be entitled to claim a deduction from the amount of the assessable income of his own, or of his wife or of both in the proportion of 50 per cent each, in that year of assessment, of an amount equal to 20 per cent of the purchase price paid by him or his wife for that house or flat or £2,000 whichever is the less.

(2) Where, in the circumstances described in subsection (1), a person who is eligible to apply for Government housing in accordance with the Housing Allocation Scheme (Revised 1987) made under the Housing (Special Powers) Ordinance, enters into an agreement to purchase a house or a flat under a

closed market development scheme, the amount that may be deducted from the assessable income shall be equal to 20 per cent of the purchase price or a part thereof whichever is the less paid in any year of assessment; provided that the amounts so deducted may not exceed f2,000 in total.

(3) A person or his wife, who within 12 months of obtaining the legal estate of a house or flat in the circumstances described in subsection (1) or (2)-

(a) sells or disposes (otherwise than by way of mortgage) of his interest therein, or

(b) fails or ceases to use such house or flat for his or their own residential accommodation.

shall not be entitled to claim deduction under subsection (1) or (2) and where such deduction has been made in respect of a past year of assessment, the Commissioner may make an amended or additional assessment to bring the amount of that deduction to charge, in accordance with section 74.

(4) The person claiming deduction under subsection (1) or (2) may elect that the deduction be made from the assessable income of his own or of his wife or of both in the proportion of 50 per cent each.

(5)(a) In subsection (2) the expression "closed market development scheme" means a scheme certified as such by the Director of Crown Lands.

(b) Before giving a certificate under paragraph (a), the Director of Crown Lands shall satisfy himself that-

(i) the developer of the scheme –

1. intends to erect, is in process of erecting or has erected, a fixed number of houses or flats constituting the scheme or a part thereof;

2. has entered into a legally binding commitment not to sell, grant leases or otherwise dispose of, such houses or flats except to persons eligible to apply for Government housing as provided in subsection (2);

3. has undertaken to notify the Director of Crown Lands the full particulars of every such sale, lease or disposal as soon as practicable;

(ii) the purchaser, lessee or other person acquiring such house or flat has entered into a legally binding commitment not to sell, grant a lease or otherwise dispose of such house or flat except to a person eligible to apply for Government housing as provided in subsection (2)".

Amendment of section 27.

6. Section 27 of the principal Ordinance is further amended-

(a) in subsection (3) by omitting after the word "assessment" the words "a child" and substituting therefor "an unmarried child";

(b) by repealing sub-section (4) and substituting therefor the following subsection-

"(4) Save as otherwise hereinafter provided, an individual who proves to the satisfaction of the Commissioner that-

(a) he has maintained during the year of assessment an unmarried child who suffers from a specific bodily or mental disability; and

(b) by reason of that disability is receiving full time instruction at an approved establishment outside Gibraltar specialising in the education of children suffering from such disability; and

(c) the individual is ordinarily resident in Gibraltar; and

(d) the individual is not entitled to a similar allowance or deduction in any other country in respect of the child.

shall be entitled to claim from the amount of his assessable income a deduction of £920 if the child is the first child for whom he may claim a deduction, and a further deduction of £800 in respect of every other child to whom this subsection refers."

Repeal of section 31.

7. The principal Ordinance is further amended by repealing section 31.

Amendment of section 32.

8. Section 32 of the principal Ordinance is further amended by omitting the word and figures "30 and 31" and substituting therefor the word and figure "and 30".

Amendment of section 34.

9. Section 34 of the principal Ordinance is amended-

(a) in subsection (1) by omitting the words and figures "24 and 26 to 33" and substituting therefor the words and figures "23 to 26, 27 to 30, and 32 and 33";

(b) in subsection (3)-

(i) by omitting the reference to section 36 and substituting therefor a reference to section 37;

(ii) by omitting the words and figures "23, 24 and 26 to 33" and substituting therefor the words and figures "23 to 26, 27 to 30 and 32 and 33".

Amendment of section 35.

10. Section 35 of the principal Ordinance is amended-

(i) by omitting the words and figures "23, 24 and 26 to 34" and substituting therefor the words and figures "23 to 30 and 32 to 34",

(ii) in the proviso:

(a) by omitting the expression "section 24" and substituting therefor the expression "sections 23 and 24"; and

(b) by omitting the expression "section 26 to 33" and substituting therefor the expression "sections 25 and 26, 27 to 30, 32 and 33".

Repeal and replacement of section 37B.

11. Section 37B of the principal Ordinance is repealed and the following section is substituted therefor-

"Tax charged on certain amounts received from pension schemes etc.

37B. Tax shall be charged-

(a) at the rate of 20 per cent upon any capital sum received by an individual from a pension scheme, provident society or other fund approved by the Commissioner under section 16(h) in excess of 25 per cent of the retirement pension.

(b) at the rate of 10 per cent on any amount chargeable in accordance with Section 6A(1)."

Passed by the Gibraltar House of Assembly; on the 21st day of January, 1988.

Income Tax (Amendment) Ordinance, 1988. [No.4 of 1988]

P. A. GARBARINO ,
Clerk to the Assembly.