

**RATES OF TAX RULES, 1989**

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**Subsidiary  
1989/096**

Rules made under s.37.

**RATES OF TAX RULES, 1989****(LN. 1989/096)****23.11.1989**

Amending enactments	Relevant current provisions	Commencement date
LN.1990/176	rr. 2(c), (d) and 7	1.7.1991
1992/018	rr. 2(b), (d) and (e), 3 and 6	1.7.1991
1993/045	rr.2, 3 and 8	8.3.1993
1992/022	r.2(e) and (f)	1.7.1993
1994/061	r.6	7.7.1994
1999/082	rr.2, 6 and 7	1.7.1999
2002/014	r.2	1.7.2001
2002/085	r. 3	1.7.2001

**ARRANGEMENT OF RULES**

## Rules

1. Title.
2. Rates of tax chargeable on individuals, etc.
3. Tax charged on certain non-residents.
4. Tax charged on certain amounts received from pension schemes, etc.
5. Standard rate of tax.
6. Corporation tax.
7. Building Society tax.
8. Income from Development Bonds.

**Title.**

1. These Rules may be cited as the Rates of Tax Rules, 1989.

**Rates of tax chargeable on individuals, etc.**

2. Subject to rule 7, tax shall be charged on the taxable income of every person including an individual to whom the provisions of section 34 (3) apply, but excluding-

- (a) a company, and
- (b) a non-resident individual to whom the provisions of rule 24(1) of the Income Tax (Allowances, Deductions and Exemptions) Rules 1992 do not apply, and
- (c) a qualifying individual as provided in section 41A, and
- (d) a building society, and
- (e) a qualifying company, and
- (f) a Relocated Executive possessing specialist skills in respect of whom a certificate has been issued under rule 2 of the Rates of Tax (relocated Executive Possessing Specialist Skills) Rules 1992.

in accordance with the following bandings:

the first £3,000 of taxable income at the rate of 20 per cent;  
the next £4,000 of taxable income at the rate of 30 per cent;  
the next £8,000 of taxable income at the rate of 35 per cent;  
the next £4,500 of taxable income at the rate of 45 per cent;  
the remainder of taxable income at the rate of 48 per cent.

Provided that in the case of an individual to whom the provisions of section 34 (3) apply the amounts of taxable income set out in the above bandings shall be reduced by one-twelfth for each calendar month in the year of assessment during which that individual does not carry on, exercise or undertake any trade, business, profession, vocation or employment in Gibraltar.

**Tax charged on certain non-residents.**

3. Subject to rule 7, tax shall be charged on the taxable income of every non-resident individual –

- (a) to whom the provisions of rule 24 (1) of the Income Tax (Allowances, Deductions and Exemptions) Rules 1992 do not apply; or
- (b) who is not an individual falling within rules made under section 41 A, except in so far as these rules provided for the application of this rule to such individuals,

in accordance with the following bandings-

the first £7,000 of taxable income at the rate of 30 per cent;  
the next £8,000 of taxable income at the rate of 35 per cent;  
the next £4,500 of taxable income at the rate of 45 per cent;  
the remainder of taxable income at the rate of 48 per cent.

### **Tax charged on certain amounts received from pension schemes, etc.**

4. 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).

### **Standard rate of tax.**

5. The standard rate of tax shall be 30%.

### **Corporation tax.**

6.(1) Except where otherwise expressly provided, tax which, for the avoidance of doubt, shall be known as Corporation Tax, shall be charged on the taxable income of every company in any year of assessment, at the rate of 35%.

(2) Where the Commissioner is satisfied that, in any year of assessment, a company has a taxable income of £35000 or less and is a small company, Corporation Tax shall be charged at the rate of 20%.

(3) Where the Commissioner is satisfied that, in any year of assessment, a company has a taxable income of less than the sum of £105,000 but more than the sum of £35000 and is a small company, Corporation Tax shall be charged at the rate of 35% less relief.

(4) The relief referred to in sub-rule (3) shall be determined by deducting the amount of the taxable income in any year of assessment from the sum of £95,667 and multiplying the resultant figure by the fraction  $\frac{3}{40}$ .

(5) In this rule, “small company” means a company whose trading activities, in any year of assessment, proves to the satisfaction of the Commissioner, has a minimum of 80% of its total trading receipts derived directly or indirectly from sources other than the following -

- (a) dividends, interest or discounts;
- (b) rents, royalties, premiums, and any other profits arising from property.

**Building Society tax.**

7.(1) Except where otherwise expressly provided, tax shall be charged on the taxable income of every building society in any year of assessment, at the rate of 35%.

(2) Where the Commissioner is satisfied that, in any year of assessment, a building society has a taxable income of £35000 or less, tax shall be charged at the rate of 20%.

(3) Where the Commissioner is satisfied that, in any year of assessment, a building society has a taxable income of less than the sum of £105,000 but more than the sum of £35000, tax shall be charged at the rate of 35% less relief.

The relief referred to in sub-rule (3) shall be determined by deducting the amount of the taxable income in any year of assessment from the sum of £105,000 and multiplying the resultant figure by the fraction  $\frac{3}{40}$ .

In this rule “building society” shall be construed in accordance with the provisions of the Building Societies Act as amended from time to time.

**Income from Development bonds.**

8. (1) Tax shall be charged on the income of every person by way of interest on a Development Bond (as defined in regulation 2 of the Savings Bank (Development Bonds) Regulations, 1993) at the rate of 25%.

(2) In ascertaining the amount of income by way of interest chargeable to tax in accordance with subrule (1), no reliefs (personal or otherwise) exemptions or allowances otherwise to be taken into account in accordance with the Income Tax Act or rules made thereunder shall be allowed, and such income shall not form part of the assessable income of the person to whom it is paid and the tax deducted in accordance with the proviso to regulation 3 of the Savings Bank (Development Bonds) Regulations, 1993, shall not be refundable.