

**SECOND SUPPLEMENT TO THE GIBRALTAR
GAZETTE**
No. 3732 of 3 September, 2009

LEGAL NOTICE NO.47 OF 2009.

INCOME TAX ACT
RATES OF TAX RULES 2009

In exercise of the powers conferred on me by section 37 of the Income Tax Act I have made the following Rules—

Title and commencement.

1. These Rules may be cited as the Rates of Tax Rules 2009 and shall be deemed to have come into operation on 1 July 2009.

Amendment of the Rates of Tax Rules, 1989.

2. The Rates of Tax Rules, 1989 are amended as follows—

(a) in rule 3A(1)—

- (i) for “30 per cent” substitute “29 per cent”;
- (ii) for “38 per cent” substitute “35 per cent”;

(b) after rule 3A(1) insert—

“(1A) Subject to the provisions of this rule, this sub-rule applies where the assessable income of an individual does not exceed £25,000,—

- (a) where the assessable income does not exceed £16,000 the rate for the first £10,000 of assessable income shall be 10 per cent;

- (b) where the assessable income exceeds £16,000 but does not exceed £17,000 the rate for the first £5,000 of assessable income shall be zero per cent;
 - (c) where the assessable income exceeds £17,000 but does not exceed £18,000 the rate for the first £4,000 of assessable income shall be zero per cent;
 - (d) where the assessable income exceeds £18,000 but does not exceed £19,000 the rate for the first £3,000 of assessable income shall be zero per cent;
 - (e) where the assessable income exceeds £19,000 but does not exceed £20,000 the rate for the first £2,000 of assessable income shall be zero per cent;
 - (f) where the assessable income exceeds £20,000 but does not exceed £25,000 the rate for the first £1,000 of assessable income shall be zero per cent.”;
- (c) in rule 6–
- (i) in sub-rules (1) and (3) for “27%” substitute “22%”;
 - (ii) in sub-rules (3) and (4) for “£67,667” substitute “£44,333”;
 - (iii) after sub-rule (5) insert–
 - “(6) Where the Commissioner is satisfied on the application of a company that–
 - (a) the said company commenced business in Gibraltar on or after 1st July 2007 but before 1st July 2009;
 - (b) such business relates to a bona-fide new activity in Gibraltar; and
 - (c) the company agrees to be taxed on its assessable income, computed in accordance with the provisions of subsection (1) of section 8 of

the Act (the year preceding the year of assessment),

the Commissioner may (subject to subrule (10)) direct that corporation tax in respect of such company shall be charged in accordance with subrule (7).

(7) Where this sub-rule applies corporation tax shall be charged—

(a) for the year of assessment commencing 1st July 2008, at the rate of 27%;

(b) for each subsequent year of assessment, at the rate of 10%.

(8) Where the Commissioner is satisfied on the application of a company that—

(a) the said company commenced business in Gibraltar on or after 1st July 2009; and

(b) such business relates to a bona-fide new activity in Gibraltar;

the Commissioner may (subject to subrule (10)) direct that corporation tax in respect of such company shall be charged in accordance with subrule (9).

(9) Where this sub-rule applies—

(a) corporation tax shall be charged at the rate of 10%; and

(b) notwithstanding section 8 of the Act, the assessable income of the company for any year of assessment shall be the income computed in accordance with the provisions of that Act, of that year.

(10) Where the Commissioner is of the opinion—

(a) that a person connected to the company undertook business in Gibraltar before the company's commencement of business in Gibraltar and that the business undertaken by him was of the same or similar nature (or of an ancillary nature) to the business being undertaken by the company; or

(b) that the incorporation of the company or the commencement of business in Gibraltar by that company is an artificial or fictitious arrangement,

the Commissioner shall not direct that corporation tax in respect of such company shall be charged in accordance with subrule (7) or subrule (9).

(11) For the purposes of subrules (6) to (10) of this rule, "business" means any new trade, business, profession, vocation, adventure or concern in respect of sources of income chargeable to tax under the Act.;

(d) in rule 7–

(i) in sub-rules (1) and (3) for "27%" substitute "22%";

(ii) in sub-rules (3) and (4) for "£67,667" substitute "£44,333".

Dated 3rd September, 2009.

P R CARUANA,

Minister with responsibility for public finance.

