

SECOND SUPPLEMENT TO THE GIBRALTAR GAZETTE

No. 4975 GIBRALTAR Friday 1st July 2022

LEGAL NOTICE NO. 168 OF 2022

INCOME TAX ACT 2010

RATES OF TAX (AMENDMENT) RULES 2022

In exercise of the powers conferred upon him by section 24 of the Income Tax Act 2010, and all other enabling powers, the Minister has made the following Rules-

Title.

1. These Rules may be cited as the Rates of Tax (Amendment) Rules 2022.

Commencement.

- 2.(1) Subject to subrule (2), these Rules come into operation on 1st July 2022.

(2) Rule 3(6) comes into operation on 1st July 2024.

Amendment of the Rates of Tax Rules, 1989.

3(1). The Rates of Tax Rules, 1989 are amended in accordance with the provisions of this Rule.

(2) In rules 2(1) and 3(1) for “rule 8” substitute “rule 3B”.

(3) In rule 3A-

(a) in subrule (1)-

(i) for “Where” substitute “Subject to rule 3B, where”; and

(ii) delete “and rule 8”.

(b) in subrule (1A) for “Where” substitute “Subject to rule 3B, where”.

(4) After rule 3A insert-

“Years of Assessment 1st July 2022 to 30 June 2024.

3B.(1) For each of the years of assessment in the period extending from 1 July 2022 to 30 June 2024 rules 2, 3 and 3A above apply subject to the following modifications.

- (2) In rule 2(1)-
- (a) for “14 per cent” substitute “16 per cent”;
 - (b) for “17 per cent” substitute “19 per cent”; and
 - (c) for “39 per cent” substitute “41 per cent”.
- (3) In rule 3(1)-
- (a) for “17 per cent” substitute “19 per cent”; and
 - (b) for “39 per cent” substitute “41 per cent”.
- (4) In rule 3A-
- (a) in subrule (1)(b)-
 - (i) for “6 per cent” substitute “8 per cent”;
 - (ii) for “20 per cent” substitute “22 per cent”; and
 - (iii) for “28 per cent” substitute “30 per cent”;
 - (b) in subrule (1A)(b)-
 - (i) for “16 per cent” substitute “18 per cent”;
 - (ii) for “19 per cent” substitute “21 per cent”;
 - (iii) in the banding starting with the words “the next £15,000”, for “25 per cent” substitute “27 per cent”;
 - (iv) for “28 per cent” substitute “30 per cent”;
 - (v) for the words from “the next £395,000” to the end, substitute-
“the remainder of assessable income at the rate of 27 per cent”.
- (5) After rule 6B insert-

“Transitional Provision in respect of rules 6(1), 6A and 6B.

6C.(1) Notwithstanding rules 6(1), 6A and 6B, this rule shall apply to any accounting period of a company (except a company subject to rule 6(2) or 6(3)), trust or foundation that started before, but ended after, 1st August 2021 (“the Transitional Accounting Period”)—

- (a) from the start of the Transitional Accounting Period up to and including 31st July 2021 (the “Pre-Transition Period”), the rate of tax for income of the company, trust or foundation shall be 10%; and
 - (b) from 1st August 2021 to the end of the Transitional Accounting Period (the Post “Transition Period”), the rate of tax for income of the company, trust or foundation shall be 12.5%.
- (2) The tax liability in relation to the Transitional Accounting Period shall be computed by either—
- (a) apportioning the profits and losses by reference to:
 - (i) the number of days in the Pre-Transition Period divided by the number of days in the Transitional Accounting Period (the “Pre-Transition Profits and Losses”); and
 - (ii) the number of days in the Post-Transition Period divided by the number of days in the Transitional Accounting Period (the “Post-Transition Profits and Losses”); and
 - (iii) applying the rate in rule 6C(1)(a) to the Pre-Transition Profits and Losses up to and including 31st July 2021 and the rate in rule 6C(1)(b) to the Post-Transition Profits and Losses; or
 - (b) apportioning the profits and losses by reference to the date on which such profits or losses accrue.
- (3) For the purposes of subrule (2) –
- (a) any election made under subrule (2)(b) must be accompanied by an explanatory statement setting out the facts and circumstances as to the purpose of the election and appropriate evidence demonstrating-
 - (i) that the application of a straight-line apportionment under subrule (2)(a) gives a materially disproportionate result; and
 - (ii) the allocation of accrued profits or losses on an actual basis.
- (4) In the absence of the required explanatory statement and appropriate evidence being provided, or the Commissioner not being satisfied that these provide for a justifiable basis to proceed with the election under subrule (2)(b), the Commissioner reserves the right to refuse such an election and compute the tax payable for the Transitional Accounting Period in accordance with subrule (2)(a).

- (5) A trust, company or foundation shall at the time of the filing of its tax return for the Transitional Period elect which method of calculation shall be applicable in the Transitional Period.”.
- (6) In rule 3A(1A)(b) for the words from “the next £395,000” to the end substitute –
“the remainder of assessable income at the rate of 25 per cent.”.

Dated: 1st July 2022.

F R PICARDO,
Minister with responsibility for public finance.

EXPLANATORY MEMORANDUM

These Rules give effect to the Government’s 2022 Budget Measures.