

**SECOND SUPPLEMENT TO THE GIBRALTAR  
GAZETTE**

**No. 3,116 of 22nd July, 1999**

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LEGAL NOTICE NO. 85 OF 1999

**INCOME TAX ORDINANCE**

**INCOME TAX (ALLOWANCES, DEDUCTIONS AND  
EXEMPTIONS) RULES 1992 (AMENDMENT) RULES 1999**

In exercise of the powers conferred on him by section 37A of the Income Tax Ordinance, the Governor has made the following Rules -

**Title and commencement.**

1. These Rules may be cited as the Income Tax (Allowances, Deductions and Exemptions) Rules 1992 (Amendment) Rules 1999 and shall be deemed to have come into effect on the 1st July 1999.

**Amendments to the Income Tax (Allowances, Deductions And Exemptions) Rules 1992.**

2.(1) The Income Tax (Allowances, Deductions And Exemptions) Rules 1992 shall be amended in accordance with the provisions of this rule.

(2) Rule 3(23) shall be amended by substituting for the words "building societies" the words -

"banks or building societies".

(3) Rule 5 shall be amended as follows -

(a) in sub-rule (1)(c) by deleting the following -

(i) the words "any plant or machinery or fixtures (not being in any such case plant or machinery to which section 18 of the Ordinance applies) or";

(ii) sub-paragraph (i) of the proviso;

(b) by deleting sub-rule (1)(d);

- (c) by substituting for the proviso to sub-rule (1)(e) the following proviso -

“Provided that no deduction shall be made for the cost of renewal of any asset which has been the subject of a deduction under these rules or under section 18 of the principal Ordinance;”.

- (d) in sub-rule (2), by adding after the words “for the purpose of ascertaining the assessable income of any person no deduction shall be allowed” the words -

“under these rules”.

- (4) After rule 5, the following rules shall be inserted -

**“Full deductions allowed: plant and machinery**

5A.(1) In this rule and in rule 5B, “plant and machinery”, whether used conjunctively or disjunctively -

- (a) includes a fixture and a fitting;
- (b) do not include any motor vehicle unless it is of a construction primarily suited for the conveyance of any goods or burden (other than passengers) of any description, or it is of a type not commonly used as a private motor vehicle and is unsuitable to be so used, or it is provided wholly or mainly for hire to or for the carriage of members of the public in the ordinary course of trade or business;
- (c) do not include aircraft or vessel that is used for any purpose other than the purpose of a trade, business profession or vocation.

- (2) Subject to sub-rule (5), where -

- (a) a person carrying on any trade, business, profession or vocation incurs in any year of assessment capital expenditure not exceeding £30,000 wholly and exclusively for the provision of plant or machinery

for the purposes of producing income from that trade, business, profession or vocation; and

- (b) in consequence of his incurring that expenditure, the plant or machinery belongs to him at some time during the year of assessment -

then for the purposes of ascertaining the assessable income of that person from that trade, business, profession or vocation, there shall be deducted from his income the whole amount of that expenditure.

(3) Notwithstanding sub-rule (2), where a person who has already claimed a deduction under this rule in respect of any plant or machinery claims a deduction under this rule in respect of any capital expenditure by him for the provision of any plant or machinery in replacement of the first item of plant or machinery, the Commissioner may refuse to allow the deduction in respect of the second item of plant or machinery unless the person satisfies the Commissioner that, having regard to the condition and the expected life of the first item, it is reasonably necessary to replace it.

(4) Where any plant or machinery used for the purposes of any trade, business, profession or vocation, in respect of which a deduction is allowed under this rule, subsequently ceases permanently to be used for those purposes, every sum received by the person in whose favour the deduction was allowed, by reason of the disposal of that plant or machinery, shall be deemed to be income of that person liable to tax.

(5) Where any such plant, machinery or fixtures is used for the purpose of a trade, business or profession on such terms that the burden of the wear and tear falls on the user and not on the owner thereof, the former person shall, in such cases, be entitled to the deduction.

(6) Nothing in this rule shall serve to operate in respect of expenditure incurred prior to the 1st July 1999, in which case the provisions of rule 5(1)(c) shall apply in the same manner as prior to the 1st July 1999.

**Partial deductions allowed: plant and machinery**

5B.(1) Subject to sub-rule (4), where -

- (a) a person carrying on any trade, business, profession or vocation incurs in any year of assessment capital expenditure exceeding £30,000 for the provision of plant or machinery for the purposes of producing income from that trade, business, profession or vocation; and
- (b) in consequence of his incurring that expenditure, the plant or machinery belongs to him at some time during the year of assessment -

then for the purposes of ascertaining the assessable income of that person from that trade, business, profession or vocation, there shall be deducted from his income for that year 25% of the whole amount of the said capital expenditure exceeding £30,000, and an additional 25% in respect of the subsequent three years of assessment:

Provided that in respect of the first £30,000 of the said expenditure, the provisions of regulation 5A shall apply.

(2) Were any such plant, machinery or fixtures is used for the purpose of a trade, business or profession on such terms that the burden of the wear and tear falls on the user and not on the owner thereof, the former person shall, in such cases, be entitled to the deduction.

(3) No deduction shall be allowed under this rule if the deduction will exceed the written down value.

(4) In the case of the expenditure by any person engaged in any trade, business, profession or vocation of any sum in replacing any plant or machinery (not being plant or machinery to which section 18 of the Ordinance or rule 5A applies) which was used or employed in such trade, business, profession or vocation, and which has become obsolete, an amount equivalent to the written down value of the plant or machinery replaced, less any sum realised or likely to be realised by the sale thereof, or recoverable under any

insurance or indemnity, or the cost of the new plant or machinery, whichever is the less;

Provided that where the sum realised or likely to be realised under the provisions of this sub-rule is greater than the written down value, there shall be no deduction allowed, and the amount by which the sum realised or likely to be realised exceeds the written down value shall be liable to tax.

(5) Nothing in this rule shall serve to operate in respect of expenditure incurred prior to the 1st July 1999, in which case the provisions of rule 5(1)(c) shall apply in the same manner as prior to the 1st July 1999.”.

(5) Rule 6 shall be amended by omitting the expression “£2050” in the two places where it occurs and substituting therefor in each place the expression “£2125”.

(6) Rule 7 shall be amended as follows -

- (a) by omitting the expression “£1950” in the two places where it occurs and substituting therefor in each place the expression “£2025”; and
- (b) by omitting the expression “£2050” where it occurs and substituting therefor the expression “£2125”.

(7) Rule 8 shall be amended by omitting the expression “£650” in the two places where it occurs and substituting therefor in each place the expression “£725”.

(8) Rule 9 shall be amended as follows -

- (a) by omitting the expression “£700” where it occurs and substituting therefor the expression “£810”; and
- (b) by omitting the expression “£600” where it occurs and substituting therefor the expression “£650”.

(9) Rule 10 shall be amended as follows -

- (a) omitting the expression “£1100” where it occurs and substituting therefor the expression “£1160”; and

- (b) by omitting the expression “£950” where it occurs and substituting therefor the expression “£1015”.
- (10) Rule 11 shall be amended as follows -
- (a) by omitting the expression “£1200” where it occurs and substituting therefor the expression “£1335”; and
  - (b) by omitting the expression “£1100” where it occurs and substituting therefor the expression “£1160”.
- (11) Rule 12 of the Income Tax (Allowances, Deductions and Exemptions) Rules 1992 shall be amended by omitting the expression “£1950” where it occurs and substituting therefor the expression “£2025”.
- (12) Rule 14A shall be amended by substituting for the figure “£500”, in every instance where that figure appears, the figure “£520”.
- (13) Rule 16 shall be amended as follows -
- (a) by omitting the expression “£630” where it occurs and substituting therefor the expression “£665”; and
  - (b) by omitting the expression “£440” where it occurs and substituting therefor the expression “£465”.
- (14) Rule 17 shall be amended by substituting for the figure “£250”, in every instance where that figure appears, the figure “£365”.
- (15) Rule 18 shall be amended as follows -
- (a) by omitting the expression “£2025” where it occurs and substituting therefor the expression “£2125”; and
  - (b) by omitting the expression “£1900” where it occurs and substituting therefor the expression “£1975”.

Dated this 22nd day of July, 1999

By Command,

P. SPELLER,  
Deputy Governor.