

**SECOND SUPPLEMENT TO THE GIBRALTAR  
GAZETTE**

No. 3560 of 19 October, 2006

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LEGAL NOTICE NO. 110 OF 2006.

**INCOME TAX ORDINANCE**

**INCOME TAX (ALLOWANCES, DEDUCTIONS AND  
EXEMPTIONS) (AMENDMENT) RULES 2006**

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

**Title and commencement.**

1. These Rules may be cited as the Income Tax (Allowances, Deductions and Exemptions) (Amendment) Rules 2006 and shall be deemed to have come into operation on 1 July 2006.

**Amendment of the Income Tax (Allowances, Deductions and Exemptions) Rules 1992.**

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

(2) Rule 3(12) is revoked.

(3) The following is inserted after rule 3—

**“Special provision in respect of certain pensions.**

“3A.(1) This rule applies to a pension from any statutory pension scheme or provident or other fund approved by the Commissioner and received by an individual who is—

- (a) aged 60 or over; or
- (b) compulsorily retired at age 55 by operation of section 8(2) of the Pensions Ordinance.

(2) Any pension to which sub-rule (1) applies shall form part of the assessable income of the individual but shall be taxed at 0%.”.

(4) Rule 6 is amended by substituting for the figure “£2580” in the two places where it occurs the figure “£2660”.

(5) For rule 7 there is substituted the following rule—

**“Deduction for a spouse.**

7.(1) Save as otherwise hereinafter provided, an individual who proves to the satisfaction of the Commissioner that in the year of assessment he—

- (a) had a spouse living with him or wholly maintained by him; or
- (b) paid alimony or maintenance to a previous spouse whose marriage to the individual has been dissolved or annulled by a court of competent jurisdiction; or
- (c) made payments in accordance with an order of court or a separation agreement to a spouse from whom the individual is separated by such order or agreement,

shall be entitled to claim a deduction from the amount of his assessable income of either £2490 in the case of paragraph (a) or the amount actually paid under paragraphs (b) or (c):

Provided that—

- (i) where a deduction is claimed under paragraphs (b) or (c) and the payments are made by virtue of an order or an agreement, the amount of the deduction shall not exceed £2490; and
- (ii) the deduction allowed under this sub-rule shall be reduced by one twelfth for each complete calendar month that the individual is not married and resident in Gibraltar (or, in the case of an individual who has paid alimony or maintenance, who is not resident in Gibraltar) during the year of assessment.

(2) Where an individual is married at the time he claims a deduction pursuant to this rule, his spouse shall not be allowed to make any further separate claim.

(3) Where the total income of any claimant includes any earned income of his wife, the deduction to be allowed under subrule (1) shall, subject to rule 20, be increased by the amount of that earned income, or by £2660, whichever is the lesser amount.

(4) For the purposes of this rule—

“earned income” means—

- (a) income arising in respect of gains or profits derived by a wife from any trade, business, profession or vocation carried on or exercised by the wife, either as an individual acting personally or, in the case of a partnership, as a partner acting personally in it; and
- (b) income derived by a wife from any employment to the extent that the Commissioner is satisfied that it represents reasonable payment by way of fees, salary, wages, pension or other remuneration for services actually performed, but does not mean any other income.

“spouse” means an individual lawfully married to an individual of the opposite sex.”.

(6) Rule 7A is amended in sub-rule (1) by substituting for “£2500”, “£2575”.

(7) Rule 8 is amended in sub-rule (1) and (4) by substituting for “£910”, “£940”.

(8) Rule 9 is amended by substituting for “£1015”, “£1045”.

(9) Rule 12 is amended by substituting for “£2415”, “£2490”.

(10) Rule 14A is amended by substituting for “£935”, “£965”.

(11) Rule 15 is amended by substituting for “£350” in the two places where it occurs, “£360”.

(12) Rule 16A(2) is amended as follows—

- (a) for “£10,000” there is substituted “£10,300”;
- (b) for “£2580” there is substituted “£2660”; and
- (c) for “£2415” there is substituted “£2490”.

(13) Rule 16B is amended in sub-rule (2) and (3) by substituting for “£230”, “£275”.

(14) Rule 17 is amended by substituting for “£570”, “£590”.

(15) Rule 18 is amended as follows—

- (a) by substituting for “£2580”, “£2660”;
- (b) by substituting for “£125” where it occurs in the first paragraph, “£130”;
- (c) by substituting for “£2405” where it occurs in sub-paragraph (a), “£2480”;
- (d) by substituting for “£175” where it occurs in sub-paragraph (d), “£180”.

(16) Rule 20A is amended by substituting for “£1030”, “£1060”.

(17) The following is inserted after rule 16B—

**“Special allowance for individuals with total deductions amounting to less than £3,500.**

16C.(1) This rule applies to an individual who, during a year of assessment, has total deductions amounting to less than £3,500 and has not made an election under rule 25.

(2) An individual to whom sub-rule (1) applies shall be entitled to claim a special allowance from the amount of his assessable income

equal to the difference between £3,500 and the total of all other deductions.

(3) Any allowance allowable under this rule shall be reduced by one twelfth for each complete calendar month that the individual is not resident in Gibraltar.”.

Dated this 19th day of October, 2006.

P. R. CARUANA,

Minister with responsibility for Public Finance.