

**SECOND SUPPLEMENT TO THE GIBRALTAR
GAZETTE**

No. 3690 of 18 December, 2008

LEGAL NOTICE NO. 101 OF 2008.

INCOME TAX ACT

**INCOME TAX (ALLOWANCES, DEDUCTIONS AND
EXEMPTIONS) (AMENDMENT) (No.2) RULES 2008**

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

Title and commencement.

1. These Rules may be cited as the Income Tax (Allowances, Deductions and Exemptions) (Amendment) (No.2) Rules 2008 and shall be deemed to have come into force on 1 July 2008.

2.(1) The Income Tax (Allowances, Deductions and Exemptions) Rules, 1992 are amended as follows.

(2) In rule 16B—

- (a) in sub-rule (1) for “£3,120” substitute “£4,000”;
- (b) in sub-rule (2) for “£1,000” substitute “£1,300”;
- (c) in sub-rule (3) for “£670” substitute “£920”; and
- (d) in sub-rule (4) for “£350” substitute “£500”.

(3) After rule 16C insert—

“Tax credit for individual’s aged 60 years and over.

16D.(1) Subject to sub-rule (4) below, this rule shall apply to an individual who is—

- (a) aged 60 years or over; and
- (b) in receipt of earned income.

- (2) An individual to whom this rule applies shall be entitled to a tax credit in the amount of £4,000 by way of a reduction on his tax liability.
- (3) Where the liability to tax of an individual under this rule does not exceed £4,000 in the year of assessment, his tax credit shall be limited to the amount of that liability.
- (4) This rule shall not apply to an individual who in any year of assessment—
 - (a) is in receipt of income—
 - (i) exceeding £2,000 in respect of an occupational pension, or
 - (ii) exceeding £2,000 in respect of the annual amount of an annuity, or
 - (b) is entitled to receive an occupational pension or annuity and the Commissioner is of the opinion that the capital sum in excess of 25 per cent of the capital value of that pension or annuity to be paid to that individual on his retirement will provide an occupational pension greater than £2,000 or an annual amount exceeding £2,000 in relation to an annuity, or
 - (c) has commuted his occupational pension or annuity entitlement payable to him and the Commissioner is of the opinion that the capital sum in excess of 25 per cent of the capital value of such pension or annuity would provide an occupational pension greater than £2,000 or an annual amount exceeding £2,000 in relation to an annuity, or
 - (d) has made an election under rule 25 of these rules; or
 - (e) has elected to be chargeable under the Gross Income Based System for the purposes of rule 3A of the Rates of Tax Rules, 1989.

- (5) A deduction allowable under this rule shall be reduced by one twelfth for each complete calendar month that the individual during the year of assessment:
- (a) is not resident in Gibraltar;
 - (b) has not attained the age of 60.
- (6) A claim under sub-rule (1) shall be in such form as the Commissioner may require.
- (7) In this rule “earned income” means–
- (a) income arising in respect of gains or profits derived by the individual from any trade, business, profession or vocation carried on or exercised by him. 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 him from any employment to the extent that the Commissioner is satisfied that it represents reasonable payment by way of fees, salary, wages or other remuneration for services actually performed;

but does not mean any other income.”.

Dated 18th December, 2008.

P R CARUANA,

Minister with responsibility for Public Finance.

EXPLANATORY MEMORANDUM

These Rules amend the Income Tax (Allowances, Deductions and Exemptions) Rules, 1992 in order to give effect to the 2008 Budget. The tax credits and allowances given to low income earners are increased. A new tax credit and allowance of £4,000 for individuals aged 60 or over is introduced on their earned income.