

**SECOND SUPPLEMENT TO THE GIBRALTAR
GAZETTE**

No. 4468 of 24 May, 2018

LEGAL NOTICE NO.115 OF 2018.

INCOME TAX ACT 2010

**INCOME TAX (ALLOWANCES, DEDUCTIONS AND
EXEMPTIONS) (AMENDMENT) RULES 2018**

In exercise of the powers conferred on him by sections 24, 25 and 72 of the Income Tax Act 2010, and all other enabling powers, the Minister has made the following Rules—

Title and commencement.

1.(1) These Rules may be cited as the Income Tax (Allowances, Deductions and Exemptions) (Amendment) Rules 2018.

(2) This rule and rule 2(1) come into operation on the date of publication.

(3) Rules 2(2)(a)(iii), 2(3)(c), 2(4)(c), 2(5)(c), 2(6)(c), 2(7)(c), 2(8)(c), 2(9)(c), 2(10)(c), 2(11)(c) and (d), 2(12)(c), 2(14)(c), 2(15)(c), 2(16)(c), 2(17)(c), shall be deemed to have come into operation on 1 July 2017.

(4) Rules 2(2)(a)(ii), 2(3)(b), 2(4)(b), 2(5)(b), 2(6)(b), 2(7)(b), 2(8)(b), 2(9)(b), 2(10)(b), 2(11)(b), 2(12)(b), 2(14)(b), 2(15)(b), 2(16)(b) and 2(17)(b) shall be deemed to have come into operation on 1 July 2016.

(5) Rules 2(2)(a)(i), 2(2)(a)(iv), 2(2)(b), 2(3)(a), 2(4)(a), 2(5)(a), 2(6)(a), 2(7)(a), 2(8)(a), 2(9)(a), 2(10)(a), 2(11)(a), 2(12)(a), 2(13), 2(14)(a), 2(15)(a), 2(16)(a), 2(17)(a), 2(18), 2(19), 2(20) and 2(21) shall be deemed to have come into operation on 1 July 2015.

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 is amended—

(a) in subrule (46)—

- (i) by substituting “£5,000” for “£4,000”;
 - (ii) by substituting “£5,020” for “£5,000”;
 - (iii) by substituting “£5,155” for “£5,020”; and
 - (iv) by substituting “£3,000” for “£2,500”; and
- (b) in subrule (49) –
- (a) in paragraph (a) by deleting “during vacation”;
 - (b) by deleting paragraph (b); and
 - (c) by deleting the definition of “vacation”.
- (3) Rule 6(1) is amended-
- (a) by substituting “£3,200” for “£3,100”;
 - (b) by substituting “£3,215” for “£3,200”; and
 - (c) by substituting “£3,300” for “£3,215”.
- (4) Rule 7 is amended-
- (a) by substituting “£3,200” for “£3,100” in the two places where it occurs;
 - (b) by substituting “£3,215” for “£3,200” in the two places where it occurs; and
 - (c) by substituting “£3,300” for “£3,215” in the two places where it occurs.
- (5) Rule 7A(1) is amended-
- (a) by substituting “£9,000” for “£6,000”;
 - (b) by substituting “£9,040” for “£9,000”; and
 - (c) by substituting “£9,285” for “£9,040”.

(6) Rule 8 is amended-

- (a) by substituting “£1,100” for “£997” in the two places where it occurs; and
- (b) by substituting “£1,105” for “£1,100” in the two places where it occurs; and
- (c) by substituting “£1,135” for “£1,105”.

(7) Rule 9 is amended-

- (a) by substituting “£1,250” for “£1,105”;
- (b) by substituting “£1,255” for “£1,250”; and
- (c) by substituting “£1,290” for “£1,255”.

(8) Rule 12 is amended-

- (a) by substituting “£5,264” for “£4,000”;
- (b) by substituting “£5,290” for “£5,264”; and
- (c) by substituting “£5,435” for “£5,290”.

(9) Rule 14A(1) is amended-

- (a) by substituting “£5,000” for “£4,000”;
- (b) by substituting “£5,025” for “£5,000”; and
- (c) by substituting “£5,160” for “£5,025”.

(10) Rule 16A(2) is amended-

- (a) by –
 - (i) substituting “£12,000” for “£10,887”;
 - (ii) in paragraph (a) by substituting “£3,200” for “£2812”; and

- (iii) in paragraph (b) by substituting “£3,200” for “£2632”;
- (b) by-
 - (i) substituting “£12,030” for “£12,000”;
 - (ii) in paragraph (a) by substituting “£3,215” for “£3,200”; and
 - (iii) in paragraph (b) by substituting “£3,215” for “£3,200”; and
- (c) by-
 - (i) substituting “£12,200” for “£12,030”;
 - (ii) in paragraph (a) by substituting “£3,300” for “£3,215”; and
 - (iii) in paragraph (b) by substituting “£3,300” for “£3,215”.

(11) Rule 16B is amended-

- (a) by substituting “£11,000” for “£10,500” in the two places where it occurs; and
- (b) by substituting “£11,050” for “£11,000” in the two places where it occurs;
- (c) by substituting “£11,150” for “£11,050” in the two places where it occurs; and
- (d) by deleting “earner’s” from the heading.

(12) Rule 16C is amended –

- (a) by substituting “£4,088” for “£3,988” in the two places where it occurs; and

- (b) by substituting “£4,103” for “£4,088” in the two places where it occurs; and
- (c) by substituting “£4,188” for “£4,103” in the two places where it occurs.

(13) Rule 16D is amended by substituting-

- (a) “£6,000” for “£2,000” in the six places where it occurs;
- (b) “a pension” for “an occupational pension” in the four places where it occurs; and
- (c) “his pension” for “his occupational pension”.

(14) Rule 16E is amended-

- (a) by substituting-
 - (i) “£11,000” for “£10,500” in subrule (1); and
 - (ii) subrules (2) and (3) with the following-

“(2) Subject to subrule (3) below, an individual who has income of more than £11,000 but does not exceed £19,712, shall have his assessed liability to tax reduced by way of relief (reduced taper relief) determined by the formula –

$$T \text{ (reduced taper relief)} = T_0 - [0.4 \times (I - L)]$$

Where –

T is the reduced taper relief available on the amount or value of assessable income

I is the amount or value of assessable income

L is the lowest figure of the applicable income range

T₀ is the full taper relief available on the lowest figure of the income range.

(3) For the purposes of subrule (2) above –

(a) where an individual has income exceeding £11,000 but does not exceed £12,335 (income range), L is £11,001 and T0 is £534.00;

(b) where an individual has income exceeding £17,500 but does not exceed £17,661 (income range), L is £17,501 and T0 is £64.40;

(c) where an individual has income exceeding £18,500 but does not exceed £18,678 (income range), L is £18,501 and T0 is £71.20;

(d) where an individual has income exceeding £19,500 but does not exceed £19,712 (income range), L is £19,501 and T0 is £84.80.”; and

(b) by substituting-

(i) “£11,050” for “£11,000” in subrule (1); and

(ii) subrules (2) and (3) with the following-

“(2) Subject to subrule (3) below, an individual who has income of more than £11,050 but does not exceed £19,712, shall have his assessed liability to tax reduced by way of relief (reduced taper relief) determined by the formula –

$$T \text{ (reduced taper relief)} = T0 - [0.4 \times (I - L)]$$

Where –

T is the reduced taper relief available on the amount or value of assessable income

I is the amount or value of assessable income

L is the lowest figure of the applicable income range

T0 is the full taper relief available on the lowest figure of the income range.

(3) For the purposes of subrule (2) above –

(a) where an individual has income exceeding £11,050 but does not exceed £12,400 (income range), L is £11,051 and T0 is £540.00;

(b) where an individual has income exceeding £17,500 but does not exceed £17,661 (income range), L is £17,501 and T0 is £64.40;

(c) where an individual has income exceeding £18,500 but does not exceed £18,678 (income range), L is £18,501 and T0 is £71.20;

(d) where an individual has income exceeding £19,500 but does not exceed £19,712 (income range), L is £19,501 and T0 is £84.80.”; and

(c) by substituting-

(i) “£11,150” for “£11,050” in subrule (1); and

(ii) subrules (2) and (3) with the following-

“(2) Subject to subrule (3) below, an individual who has income of more than £11,150 but does not exceed £19,712, shall have his assessed liability to tax reduced by way of relief (reduced taper relief) determined by the formula –

$$T \text{ (reduced taper relief)} = T0 - [0.4 \times (I - L)]$$

Where –

T is the reduced taper relief available on the amount or value of assessable income

I is the amount or value of assessable income

L is the lowest figure of the applicable income range

T0 is the full taper relief available on the lowest figure of the income range.

(3) For the purposes of subrule (2) above –

(a) where an individual has income exceeding £11,150 but does not exceed £12,506 (income range), L is £11,151 and T0 is £542.40;

(b) where an individual has income exceeding £17,500 but does not exceed £17,661 (income range), L is £17,501 and T0 is £64.40;

(c) where an individual has income exceeding £18,500 but does not exceed £18,678 (income range), L is £18,501 and T0 is £71.20;

(d) where an individual has income exceeding £19,500 but does not exceed £19,712 (income range), L is £19,501 and T0 is £84.80.”.

(15) Rule 17 is amended-

- (a) by substituting “£5,000” for “£4,000”;
- (b) by substituting “£5,020” for “£5,000”; and
- (c) by substituting “£5,155” for “£5,020”.

(16) Rule 18 is amended –

- (a) by substituting –
 - (i) “£3,200” for “£2812”;
 - (ii) by substituting “£200” for “£139”;
 - (iii) by substituting “£2,900” for “£2622”; and

- (iv) by substituting “£300” for “£190”; and
- (b) by substituting –
 - (i) “£3,215” for “£3,200”;
 - (ii) by substituting “£205” for “£200”;
 - (iii) by substituting “£2,910” for “£2,900”; and
 - (iv) by substituting “£305” for “£300”; and
- (c) by substituting –
 - (i) “£3,300” for “£3,215”;
 - (ii) by substituting “£210” for “£205”;
 - (iii) by substituting “£2,985” for “£2,910”; and
 - (iv) by substituting “£315” for “£305”; and

(17) Rule 20A(1) is amended-

- (a) by substituting “£5,000” for “£4,000”;
- (b) by substituting “£5,020” for “£5,000”; and
- (c) by substituting “£5,155” for “£5,020”.

(18) Rule 20B is amended by substituting “£3,000” for “£2,500”.

(19) Rule 21 is amended –

- (a) by deleting subrules (3), (4), (5) and (7); and
- (b) in subrule (6), by substituting “this rule” for “subrules (3), and (4),”.

(20) Rule 22(10) is amended by substituting “£1,500” for “£1,000”.

(21) Rule 24A is amended by substituting “£1,500” for “£1,200”.

Dated 24th May, 2018.

F R PICARDO,
Minister with responsibility for public finance.

EXPLANATORY MEMORANDUM

The Income Tax (Allowances, Deductions & Exemptions) Rules, 1992 are amended in order to give effect to the Government’s budget measures of 2015, 2016 and 2017.