

**SECOND SUPPLEMENT TO THE GIBRALTAR
GAZETTE**

No. 3675 of 11 September, 2008

LEGAL NOTICE NO.68 OF 2008.

INCOME TAX ACT

**HOME PURCHASE (SPECIAL DEDUCTION) (AMENDMENT)
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 Home Purchase (Special Deduction) (Amendment) Rules 2008 and shall be deemed to have come into operation on 1 July 2007.

Amendment to the Home Purchase (Special Deduction) Rules 2004.

2.(1) In the Home Purchase (Special Deduction) Rules 2004, the following new rule shall be inserted after rule 3—

“Restrictions on entitlement to special deduction in relation to elections made for Gross Income Based System.

4.(1) An individual who elects to be chargeable under the Gross Income Based System for the purposes of rule 3A of the Rates of Tax Rules, shall not be entitled to the deduction specified in rule 3.

(2) An individual who has a spouse that has elected to be chargeable under the Gross Income Based System for the purposes of rule 3A of the Rates of Tax Rules, shall not be entitled to claim the deduction specified in rule 3.

(3) Where the individual would (but for subrule (2)) be entitled for the year of assessment commencing 1 July 2007 and for any subsequent year of assessment—

(a) to claim the deduction under rule (3); and

- (b) either—
- (i) the individual had claimed on the appropriate form prescribed by the Commissioner the deduction specified in rule (3) and such claim had been made and submitted to the Commissioner on or before 30 June 2007 in respect of the year of assessment commencing 1 July 2006; or
 - (ii) the spouse had claimed on behalf of the individual on the appropriate form prescribed by the Commissioner the deduction specified in rule (3) and such claim had been made and submitted to the Commissioner on or before 30 June 2007 in respect of the year of assessment commencing 1 July 2006,

then the individual in relation to the year of assessment commencing 1 July 2007 and for any subsequent year of assessment shall be entitled to claim only the deduction that individual had claimed in the case of paragraph (b)(i) or (b)(ii).

- (4) Where the individual would (but for subrule (2)) be entitled for the year of assessment commencing 1 July 2007 and for any subsequent year of assessment—
- (a) to claim the deduction under rule 3; and
 - (b) the individual and his spouse have not claimed the deduction mentioned in rule 3 in the manner described in paragraphs (b)(i) or (ii),

then the individual in relation to the year of assessment commencing 1 July 2007 and any subsequent year of assessment shall be entitled to claim from his assessable income an amount not exceeding one-half of the deduction that would be allowable under these rules (but for subrule (2)) on his assessable income.”

Dated 11th September, 2008.

P R CARUANA,

Minister with responsibility for Public Finance.

EXPLANATORY MEMORANDUM

These Rules amend the Home Purchase (Special Deduction) Rules 2004 so as to make necessary changes in respect of those who are being taxed under the Gross Income Based system, or whose spouse is being so taxed.