

THIRD SUPPLEMENT TO THE GIBRALTAR GAZETTE

No. 5194 GIBRALTAR Tuesday 10th December 2024

B. 36/24

BILL

FOR

AN ACT to amend the Income Tax Act 2010.

ENACTED by the Legislature of Gibraltar.

Short title.

1. This Act may be cited as the Income Tax (Amendment No. 4) Act 2024.

Commencement.

2. This Act is deemed to have come into operation on 31 July 2024.

Amendment to Income Tax Act 2010.

3. In section 20 of the Income Tax Act 2010, after subsection (5) insert -

“(6) In relation to accounting periods ending on or after 31 July 2024, the amount of loss which may be set off under subsection (1) by a Designated Person shall be limited to 50 percent of the measure of profits or gains computed in accordance with the provision of Schedule 3.

(7) For the purposes of this section-

“Designated Person” means-

- (a) any person carrying on any regulated activity within the meaning of section 5 of the Financial Services Act 2019;
- (b) any person carrying on any activity that would be licensable in accordance with section 3(1) of the Gambling Act;
- (c) a connected person of the person referred to in (a) or (b).

“Connected person” has the meaning given in paragraph 9 of Schedule 4.

- (8) Subsection (6) will not apply to companies defined under Section 3 of the Insolvency Act 2011 that are subject to insolvency proceedings and which are deemed to be Designated Persons under this Act.
- (9) Subsection (6) will not apply to the amount of loss incurred in any accounting period, or year of assessment, as the case may be, ending in the period extending from 1 July 2021 to 30 June 2023.
- (10) A Designated Person shall set off losses incurred in any accounting period, or year of assessment, as the case may be, ending in the period extending from 1 July 2021 to 30 June 2023, before setting off losses incurred in other accounting periods, or years of assessment, as the case may be.
- (11) The Minister may from time to time make regulations to-
- (a) alter the percentage in subsection (6);
 - (b) designate any person as a “Designated Person” for the purposes of subsection (7); and
 - (c) determine the treatment of any relief, allowance or exemption under-
 - (i) this Act;
 - (ii) any other Act deemed to be part of this Act; and
 - (iii) any subsidiary legislation thereto.”.

EXPLANATORY MEMORANDUM

This Bill amends the Income Tax Act 2010 to give effect to one of the measures announced in the 2024 Budget in relation to preserving tax revenue in the light of accumulated tax losses. The new provisions will continue to allow carry forward of unutilised losses but will limit the use of losses available for carry forward preventing the erosion of taxable profits by financial services and gaming sector businesses.

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