

Subsidiary Legislation made under s.25.

Transaction Tax (Deductions) Rules 2026

LN.2026/338

Commencement **23.9.2026**

ARRANGEMENT OF RULES

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2010-21

Income Tax

2026/338

Transaction Tax (Deductions) Rules 2026

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

Title.

1. These Rules may be cited as the Transaction Tax (Deductions) Rules 2026.

Commencement.

2. These Rules shall come into operation on the day of publication.

Interpretation.

3. In these Rules –

“Implementation Date” has the same meaning as in the Treaty on Gibraltar and the European Union Act 2026;

“transaction tax” has the same meaning as in the Treaty on Gibraltar and the European Union Act 2026;

“relevant person” means any company, partnership, sole trader or other person, whether incorporated or unincorporated, carrying on a trade in the retail or wholesale sectors and certified as such by the Office of Fair Trading, with the exception of those carrying on a trade which principally includes the sale of–

- (a) food, beverages and household grocery products;
- (b) tobacco;
- (c) wine or spirits;
- (d) fuel; or
- (e) vehicles.

Transaction Tax Deduction.

4.(1) Subject to these Rules, where a relevant person incurs costs in respect of transaction tax within the period of 90 days beginning on the Implementation Date, that relevant person shall be entitled to claim a deduction equal to the difference between the amount of transaction tax paid by that relevant person in that period and the amount of import duty which would have

been payable previously in that same period had the transaction tax not come into operation (if the amount of transaction tax paid is higher).

(2) For the purposes of subrule (1), where goods imported by a relevant person during the period referred to in that subrule would, had the transaction tax not come into operation, have been subject to import duty at more than one rate, the amount of import duty which would have been payable shall be calculated by applying a weighted average of the rates of import duty applicable to the broad categories of goods imported by that relevant person, determined by reference to the proportion of the relevant person's total imports during that period falling within each such category and the rate of import duty which would, had the transaction tax not come into operation, have applied to that category.

(3) A calculation made under subrule (2) shall be supported by such information, documentation and workings as the Commissioner may reasonably require and shall be to the satisfaction of the Commissioner.

(4) Where a relevant person is required to make a weighted average calculation under subrule (2), the Commissioner may—

- (a) require the relevant person to provide such additional information or documentation in support of the calculation, including, but not limited to, purchase records, customs declarations, details of the categories of goods imported, the proportion of imports allocated to each category and the rates of import duty that would, had the transaction tax not come into operation, have applied to each such category; and
- (b) withhold or adjust the deduction under subrule (1) where the relevant person fails to provide the information or documentation required under paragraph (a), or where the Commissioner is not satisfied that the weighted average calculation is accurate or properly substantiated.

(5) A deduction under subrule (1) shall be—

- (a) limited to an amount equal to 50% of the amount of tax paid by the relevant person in the immediately preceding accounting period or year of assessment; and
- (b) allowed in computing the assessable profits of a relevant person for the accounting period or year of assessment, as the case may be, commencing on or after the Implementation Date.

(6) A relevant person shall not be entitled to a deduction under this rule unless, as at the Implementation Date, that relevant person is compliant with the following statutory obligations—

- (a) all filing and payment obligations in respect of corporation tax or income tax, as applicable;
- (b) all filing and payment obligations in respect of Pay As You Earn (PAYE) tax; and
- (c) all filing and payment obligations in respect of social insurance contributions.

(7) Notwithstanding subrule (6), the Commissioner may, in their absolute discretion, permit a relevant person to qualify for the deduction under this rule where the Commissioner is satisfied that a relevant person, not meeting the conditions stipulated in subrule (6), complies with the statutory obligations stated therein within 30 days after these Rules come into operation.

(8) The discretion set out in subrule (7) shall be exercised only where—

- (a) the relevant person makes a written application to the Commissioner;
- (b) the application is supported by evidence demonstrating compliance with the statutory obligations specified in subrule (6); and
- (c) the Commissioner has approved the application in writing.

(9) Any claim for a deduction under this rule shall be accompanied by—

- (a) certification from the Office of Fair Trading stating that the applicant is a relevant person for the purposes of this rule;
- (b) documentation, including but not limited to proof of payment of the amount of transaction tax paid in relation to the period specified in subrule (1); and
- (c) where applicable, any information or documentation required under subrule (3).

(10) The Commissioner may review any claim for deduction made under this rule and may adjust or disregard the amount of the deduction if the claim is found to be inaccurate, overstated or otherwise not genuine and shall notify a relevant person in writing of any such determination.

(11) A relevant person is not entitled to a deduction under this rule if that relevant person has been granted assistance under any scheme prescribed or published since the Implementation Date which has the aim of financially supporting businesses in the modernisation of their premises, processes and procedures, IT or staff training.

Extension of 90-day period.

5.(1) The Minister may extend the 90-day period referred to in rule 4(1) by a further 90 days by Notice in the Gazette if advised to do so by an independent committee composed of suitably qualified persons appointed by the Minister.

(2) At the end of a 90-day extension the Minister may ask the independent committee for advice on whether the period should be further extended and such advice may be sought at the end of each subsequent extension period.

De minimis aid.

6.(1) A deduction under rule 4 shall only be available where the Commissioner is satisfied that its grant complies with the provisions relating to de minimis aid that apply by virtue of section 68(4) of the Treaty on Gibraltar and the European Union Act 2026 and any legislation made under that Act.

(2) Where the Commissioner determines that a deduction may only be granted in part in order to comply with subrule (1), the deduction shall be reduced accordingly.

(3) A relevant person claiming a deduction under rule 4 shall declare, and provide supporting documentation in respect of, any de minimis aid or other state aid received by that person during the 3-year period preceding the claim and the Commissioner may require any further information or documentation for the purpose of determining compliance with this rule.