

SUBSIDIARY LEGISLATION 123.204**PENSIONS (TAX EXEMPTION) RULES**

4th March 2022

LEGAL NOTICE 98 of 2022, as amended by Legal Notices 220 of 2022, 48 of 2023, 5 and 356 of 2024 and 53 of 2026.

1. The title of these rules is the Pensions (Tax Exemption) Rules. Citation.

2. In these rules, unless the context otherwise requires: Interpretation.
Substituted by:
L.N. 220 of 2022.

"Act" means the Income Tax Act; Cap. 123.

"pension income" means pension income derived by an individual who is at least sixty-one (61) years old in the year in which he receives the said income and which would be taxable, were it not for these rules, according to the provisions of article 4(1)(d) of the Act.

3. Pension income derived by an individual on or after 1 January 2022 shall be partially or fully exempt from tax as follows: Tax exemption.
Substituted by:
L.N. 220 of 2022;
L.N. 48 of 2023.
Amended by:
L.N. 5 of 2024;
L.N. 356 of 2024;
L.N. 53 of 2026.

Applicability of the exemption	Amount exempt
Pension income derived in the year immediately preceding the year of assessment 2023	Twenty per cent (20%), but not exceeding two thousand, eight hundred and sixty-four euro (€2,864)
Pension income derived in the year immediately preceding the year of assessment 2024	Forty per cent (40%), but not exceeding five thousand, nine hundred and eighty-seven euro (€5,987)
Pension income derived in the year immediately preceding the year of assessment 2025	Sixty per cent (60%), but not exceeding nine thousand, seven hundred and thirty-two euro (€9,732)
Pension income derived in the year immediately preceding the year of assessment 2026	Eighty per cent (80%), but not exceeding thirteen thousand, three hundred and nine euro (€13,309);
Pension income derived in the year immediately preceding the year of assessment 2027 and in subsequent years	One hundred per cent (100%), but not exceeding thirty-seven thousand, one hundred and four euro (€37,104)

4. In the case of an individual who, in the year of assessment 2027 or any subsequent year, benefits from the exemption granted under rule 3 and who is chargeable to tax at the rates specified in article 56(1)(a)(i) of the Act, a tax rebate shall be granted as a set-off against the tax on the chargeable income, as follows: Tax rebate.
Added by:
L.N. 53 of 2026.

Tax rebate = (chargeable income less 15,000) multiplied by 15%:

Provided that such rebate shall not exceed €540:

Provided further that any negative result shall not be taken into account and any rebate granted under this rule may not give rise to a refund or be available to be carried forward.
