

L.N. 220 of 2022

**INCOME TAX ACT
(CAP. 123)**

Pensions (Tax Exemption) (Amendment) Rules, 2022

IN EXERCISE of the powers conferred by articles 12(2) and 96 of the Income Tax Act, the Minister responsible for finance has made the following rules:-

1. (1) The title of these rules is the Pensions (Tax Exemption) (Amendment) Rules, 2022 and these rules shall be read and construed as one with the Pensions (Tax Exemption) Rules, hereinafter referred to as "the principal rules".

Citation and commencement.

S.L. 123.204.

(2) These rules shall be deemed to have come into force on 1 January 2022.

2. Rule 2 of the principal rules shall be substituted by the following new rule:

Substitutes rule 2 of the principal rules.

"2. In these rules, unless the context otherwise requires:

Cap. 123.

"Act" means the Income Tax Act;

"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. Rule 3 of the principal rules shall be substituted by the following new rule:

Substitutes rule 3 of the principal rules.

"3. Pension income derived by an individual on or after 1 January 2022 shall be partially or fully exempt from tax as follows:

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, seven hundred and twenty-seven euro (€5,727)
Pension income derived in the year immediately preceding the year of assessment 2025	Sixty per cent (60%), but not exceeding eight thousand, five hundred and ninety-one euro (€8,591)
Pension income derived in the year immediately preceding the year of assessment 2026	Eighty per cent (80%), but not exceeding eleven thousand, four hundred and fifty-four euro (€11,454)
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 fourteen thousand, three hundred and eighteen euro (€14,318)".

Consequential
amendment.
S.L. 123.174.

4. Immediately after sub-rule (3) of rule 3 of the Tax Rebate (Pensioners) Rules there shall be added the following new sub-rule:

"(4) For the purpose of this rule, "pensions income" refers to the amount of pension income that is included in the total income."