

**STATEMENT BY THE GSLP/LIBERAL OPPOSITION
72/2008**

22 July 2008

The Opposition has received representations from some pensioners in employment who have approached the tax office based on the Government's statement at the last budget.

Mr Caruana told Parliament: "all old age pensioners who work will receive a tax credit of £4000 in respect of their earned income with effect from 1 July 2008. This means no person of pensionable age who works will pay any tax on the first £20,000 of earned income."

The Opposition understands that the reference to pensionable age must mean age 60 for female employees and age 65 for male employees, based on the criteria for statutory social insurance pensions.

Although it appears that no change in the income tax legislation has been introduced to give effect to this, and therefore it is not possible to establish what the legal position is, it seems that administratively the tax office is not applying the £4000 credit to all pensioners and is denying it to those who have received a pension or a lump sum payment on retirement prior to continuing in employment.

This appears to be as a reflection of the press release issued by the Government stating that persons aged 60 or over who have no occupational pension benefits will be eligible for the tax credit in respect of their earned income for the current tax year.

It is the responsibility of the Government to produce the necessary amendments to the law to give effect to changes announced in the budget. Recently, on a number of occasions such changes have been put into effect in practice without the necessary legal cover and then months later the law has been changed retrospectively.

This is a highly undesirable state of affairs and it means of course that citizens are not able to satisfy themselves as to their legal entitlement until the actual amendments are brought in and

published, nor is the Opposition able to give accurate advice to those who think they might be entitled to this benefit and approach us on the matter.

ENDS