

Farming: wear and tear allowances deemed to have been made in certain cases. FA74 s25; CTA76 s21(1) and Sch1 par71; FA78 s14(c) 660.—(1) In this section—

“balancing allowance” and “balancing charge” have the same meanings respectively as in Chapter 2 of Part 9;

“wear and tear allowance” means an allowance made under section 284.

(2) In determining whether any, and if so what, wear and tear allowance, balancing allowance or balancing charge in respect of machinery or plant is to be made to or on any person for any chargeable period in taxing a trade of farming, there shall be deemed to have been made to that person, for every previous chargeable period in which the machinery or plant belonged to that person and which is a chargeable period to be taken into account for the purpose of this section, such wear and tear allowance or greater wear and tear allowance, if any, in respect of the machinery or plant as would have been made to that person if, in relation to every such previous chargeable period—

(a) the profits or gains from farming had been chargeable to tax under Case I of Schedule D,

(b) those profits or gains had been charged to tax in accordance with section 58 of the Income Tax Act, 1967 , and not in an amount determined under section 21 of the Finance Act, 1974 ,

(c) farming had been carried on by that person since the date on which that person acquired the machinery or plant,

(d) the machinery or plant had been used by that person solely for the purposes of farming since that date, and

(e) a proper claim had been duly made by that person for wear and tear allowance in respect of the machinery or plant for every relevant chargeable period.

(3) There shall be taken into account for the purposes of this section every previous chargeable period in which the machinery or plant concerned belonged to the person and—

(a) during which the machinery or plant was not used by the person for the purposes of farming,

(b) in respect of which the person was charged to tax on an amount determined in accordance with section 21 of the Finance Act, 1974 ,

(c) during which farming was not carried on by the person, or

(d) during which farming was carried on by the person in such circumstances that the full amount of the profits or gains of farming was not liable to be charged to tax under Case I of Schedule D.

(4) In the case of a company (1)), subsection (2)(c) shall not alter the periods which are to be taken as chargeable periods but, if during any period after the 5th day of April, 1976, and after the company acquired the machinery or plant, the company has not been within the charge to corporation tax, any year of assessment or part of a year of assessment falling within that period shall be taken as a chargeable period as if it had been an accounting period of the company.

(5) Nothing in this section shall affect section 288 (4).