

Valuation of benefits in kind. ITA67 s118(1), (2) and (4); FA69 s32(b) and (c) 119.—(1) Any expense incurred by a body corporate in the acquisition or production of an asset which remains its own property shall be disregarded for the purposes of section 118.

(2) Where the making of any provision mentioned in section 118 (1) takes the form of a transfer of the property in any asset of the body corporate and, since the acquisition or production of that asset by the body corporate, that asset has been used or has depreciated, the body corporate shall be deemed to have incurred in the making of that provision expense equal to the value of that asset at the time of the transfer.

(3) Where an asset which continues to belong to the body corporate is used wholly or partly in the making of any provision mentioned in section 118 (1), the body corporate shall be deemed for the purposes of that section to incur (in addition to any other expense incurred by it in connection with the asset, not being expense to which subsection (1) applies) annual expense in connection with the asset of an amount equal to the annual value of the use of the asset, but where any sum by means of rent or hire is payable by the body corporate in respect of the asset—

(a) if the annual amount of the rent or hire is equal to or greater than the annual value of the use of the asset, this subsection shall not apply, and

(b) if the annual amount of the rent or hire is less than the annual value of the use of the asset, the rent or hire shall be disregarded for the purposes of section 118 (1).

(4) In the case of an asset being premises, the annual value of the use of the asset shall be taken for the purposes of subsection (3) to be the rent which might reasonably be expected to be obtained on a letting from year to year if the tenant undertook to pay all usual tenant's rates, and if the landlord undertook to bear the costs of the repairs and insurance, and the other expenses, if any, necessary for maintaining the premises in a state to command that rent.