

Writing off of expenditure and meaning of "residue of expenditure". ITA67 s266; CTA76 s21(1) and Sch1 par25; FA97 s23(b) 277.—(1) For the purposes of this Chapter, any expenditure incurred on the construction of any building or structure shall be treated as written off to the extent and at the times specified in this section, and references in this Chapter to the residue of any such expenditure shall be construed accordingly.

(2) Where an industrial building allowance is made in respect of the expenditure, the amount of that allowance shall be written off at the time when the building or structure is first used.

(3) Where, by reason of the building or structure being at any time an industrial building or structure, a writing-down allowance is made for any chargeable period in respect of the expenditure, the amount of that allowance shall be written off at that time; but, where at that time an event occurs which gives rise or may give rise to a balancing allowance or balancing charge, the amount directed to be written off by this subsection at that time shall be taken into account in computing the residue of that expenditure immediately before that event for the purpose of determining whether any, and if so what, balancing allowance or balancing charge is to be made.

(4) (a) Where, for any period or periods between the time when the building or structure was first used for any purpose and the time at which the residue of the expenditure is to be ascertained, the building or structure has not been in use as an industrial building or structure, there shall in ascertaining that residue be treated as having been previously written off in respect of that period or those periods amounts equal to writing-down allowances made for chargeable periods of a total length equal to the length of that period, or the aggregate length of those periods, as the case may be, at such rate or rates as would have been appropriate having regard to any sale on which section 272 (4) operated.

(b) Where the building or structure was in use as an industrial building or structure at the end of the basis period for any year of assessment before the year 1960-71, an amount equal to 2 per cent of the expenditure shall be treated as written off at the end of the previous year of assessment.

(5) Where on the occasion of a sale a balancing allowance is made in respect of the expenditure, there shall be written off at the time of the sale the amount by which the residue of the expenditure before the sale exceeds the net proceeds of the sale.

(6) Where on the occasion of a sale a balancing charge is made in respect of the expenditure, the residue of the expenditure shall be deemed for the purposes of this Chapter to be increased at the time of the sale by the amount on which the charge is made.

(7) Where, on receipt of consideration of the type referred to in section 274 (1)(a)(iv), a balancing allowance is made in respect of the expenditure, there shall be written off at the time of the event giving rise to the balancing allowance or, if later, on the 26th day of March, 1997, the amount by which the residue of the expenditure before that event exceeds that consideration.