

Provisions of general application in relation to the making of allowances and charges. CTA76 Sch1 par1, 2, 3; FA97 s20(4) 321.—(1) Subsections (2) to (7) shall apply for the interpretation of—

(a) this Part,

(b) section 374,

(c) sections 658 to 660,

(d) Chapter 1 of Part 24,

(e) sections 764 and 765,

(f) section 769, and

(g) any other provision of the Tax Acts relating to the making of allowances or charges under or in accordance with the provisions referred to in paragraphs (a) to (f).

(2) “Chargeable period” means an accounting period of a company or a year of assessment, and—

(a) a reference to a chargeable period or its basis period is a reference to the chargeable period if it is an accounting period and to the basis period for it if it is a year of assessment;

(b) a reference to a chargeable period related to expenditure, or a sale or other event, is a reference to the chargeable period in which, or to that in the basis period for which, the expenditure is incurred or the sale or other event takes place, and means the latter only if the chargeable period is a year of assessment.

(3) References to tax for a chargeable period shall be construed in relation to corporation tax as referring to the tax for any financial year which is chargeable in respect of that period.

(4) A reference to allowances or charges being made in taxing a trade is a reference to their being made in computing the trading income for corporation tax or in charging the profits or gains of the trade to income tax.

(5) (a) Where it is provided that writing-down allowances shall be made in respect of any expenditure during a writing-down period of a specified length, there shall for any chargeable period wholly or partly comprised in the writing-down period be made an allowance equal to the appropriate fraction of the expenditure and, subject to any provision to the contrary, the appropriate fraction shall be such fraction of the writing-down period as falls within the chargeable period.

(b) Notwithstanding paragraph (a), the aggregate amount of the writing-down allowances made, whether to the same or to different persons, together with the amount of any initial allowance (but not of any

investment allowance), shall not exceed the amount of the expenditure.

(6) Where the reference is partly to years of assessment before the year 1976-77—

(a) a writing-down allowance includes an annual allowance, and

(b) an allowance on account of wear and tear of machinery or plant includes a deduction on account of wear and tear of machinery or plant,

in the sense which in the context those expressions had immediately before the commencement of the Corporation Tax Act, 1976 .

(7) Where any enactment referred to in subsection (1) provides for an amount of a writing-down allowance or an allowance on account of wear and tear of machinery or plant to be determined by a fraction or percentage, specified numerically, of any expenditure or other sum, or by reference to a percentage determined or deemed to be determined for a chargeable period of one year, then for a chargeable period of less than a year the fraction or percentage shall be proportionately reduced.

(8) Except where the context otherwise requires, in any provision of the Income Tax Acts not referred to in subsection (1) any reference to an allowance or charge for a year of assessment under a provision referred to in that subsection shall include the like allowance or charge for an accounting period of a company, and any reference to the making of an allowance or charge in charging profits or gains of a trade shall be construed as a reference to making the allowance in taxing a trade.

(9) Any provision of the Income Tax Acts whereby, for the purposes of—

(a) this Part,

(b) section 670,

(c) section 764 or 765,

(d) section 769, or

(e) any provision of the Income Tax Acts relating to the making of allowances or charges under or in accordance with the provisions referred to in paragraphs (a) to (d),

a trade is or is not to be treated as permanently discontinued or a new trade as set up and commenced shall apply in the like manner in the case of a trade so treated by virtue of the Corporation Tax Acts.