

Allowances for expenditure on dredging. ITA67 s294(1) to (5), (7), (9), (11) and (12); CTA76 s21(1) and Sch1 par43 303.—(1) (a) Subject to this section, where for the purposes of any qualifying trade carried on by a person the person incurs capital expenditure on dredging, and either the trade consists of the maintenance or improvement of the navigation of a harbour, estuary or waterway or the dredging is for the benefit of vessels coming to, leaving or using any dock or other premises occupied by the person for the purposes of the trade, then—

(i) an initial allowance equal to 10 per cent of the expenditure shall be made for the first relevant chargeable period to the person incurring the expenditure, and

(ii) writing-down allowances shall be made in respect of that expenditure to the person for the time being carrying on the trade during a writing-down period of 50 years beginning with the first relevant chargeable period; but, where a writing-down allowance is to be made for a year of assessment to such a person and such person is within the charge to income tax in respect of the trade for part only of that year, that part shall be treated as a separate chargeable period for the purposes of computing allowances under this section.

(b) This subsection shall not apply to any expenditure incurred before the 30th day of September, 1956.

(2) Where the trade is permanently discontinued in any chargeable period, then, for that chargeable period there shall be made to the person last carrying on the trade, in addition to any other allowance made to that person, an allowance equal to the amount of the expenditure less the allowances made in respect of the expenditure under subsection (1) for that and previous chargeable periods.

(3) For the purposes of this section, a trade shall not be treated by virtue of the Income Tax Acts as discontinued on a change in the persons engaged in carrying it on.

(4) Any allowance under this section shall be made in taxing the trade.

(5) Where expenditure is incurred partly for the purposes of a qualifying trade and partly for other purposes, subsection (1) shall apply to so much only of that expenditure as on a just apportionment ought fairly to be treated as incurred for the purposes of that trade.

(6) Where a person incurs capital expenditure for the purposes of a trade or part of a trade not yet carried on by the person but with a view to carrying it on, or incurs capital expenditure in connection with a dock or other premises not yet occupied by the person for the purposes of a qualifying trade but with a view to so occupying the dock or premises, subsections (1) to (5) shall apply as if the person had been carrying on the trade or part of the trade or occupying the dock or premises for the purposes of the qualifying trade, as the case may be, at the time when the expenditure was incurred.

(7) Where a person contributes a capital sum to expenditure on dredging incurred by another person, the person shall for the purposes of this section be treated as incurring capital expenditure on that dredging equal to the amount of the contribution, and the capital expenditure incurred by the other person on that

dredging shall for those purposes be deemed to be reduced by the amount of the contribution.

(8) No allowance shall be made by virtue of this section in respect of any expenditure if for the same or any other chargeable period an allowance is or can be made in respect of that expenditure under Chapter 1 of this Part.

(9) Notwithstanding any other provision of this section, in determining the allowances to be made under this section in any particular case, there shall be deemed to have been made in that case all such allowances (other than initial allowances) as could have been made if this section had always applied.