

Manner of making allowances and charges. ITA67 s292; CTA76 s21(1) and Sch1 par41 761.—(1) An allowance or charge under this Chapter shall be made to or on a person in taxing the person's trade if—

(a) the person is carrying on a trade the profits or gains of which are, or, if there were any, would be, chargeable to tax under Case I of Schedule D for the chargeable period for which the allowance or charge is made, and

(b) at any time in the chargeable period or its basis period the patent rights in question, or other rights out of which they were granted, were or were to be used for the purposes of that trade;

but nothing in this subsection shall affect the preceding provisions of this Chapter allowing a deduction as expenses in computing the profits or gains of a trade or requiring a charge to be made under Case IV of Schedule D.

(2) Except where provided for in subsection (1), an allowance under this Chapter shall be made by means of discharge or repayment of tax and shall be available against income from patents, and a charge under this Chapter shall be made under Case IV of Schedule D.