Wasting assets. CGTA75 s51(1) and Sch1 pars 8 and 9 560.—(1) In this Chapter—

"the residual or scrap value", in relation to a wasting asset, means the predictable value, if any, which the wasting asset will have at the end of its predictable life as estimated in accordance with this section;

"wasting asset" means an asset with a predictable life not exceeding 50 years, but so that—

(a) freehold land shall not be a wasting asset whatever its nature and whatever the nature of the buildings or works on that land,

(b) "life", in relation to any tangible movable property, means useful life, having regard to the purpose for which the tangible assets were acquired or provided by the person making the disposal,

(c) plant and machinery shall in every case be regarded as having a predictable life of less than 50 years, and in estimating that life it shall be assumed that its life will end when it is finally put out of use as being unfit for further use and that it will be used in the normal manner and to the normal extent and will be so used throughout its life as so estimated, and

(d) a life interest in settled property shall not be a wasting asset until the predictable expectation of life of the life tenant is 50 years or less, and the predictable life of life interests in settled property and of annuities shall be ascertained from actuarial tables approved by the Revenue Commissioners.

(2) The question as to what is the predictable life of an asset, and the question as to what is its predictable residual or scrap value, if any, at the end of that life, shall, in so far as those questions are not immediately answered by the nature of the asset, be taken in relation to any disposal of the asset as they were known or ascertainable at the time when the asset was acquired or provided by the person making the disposal.

(3) In the computation under this Chapter of the gain accruing on the disposal of a wasting asset, it shall be assumed—

(a) that any expenditure attributable to the asset under section 552 (1)(a), after deducting the residual or scrap value, if any, of the asset, is written off at a uniform rate from its full amount at the time when the asset is acquired or provided to nil at the end of its life, and

(b) that any expenditure attributable to the asset under section 552 (1)(b) is written off at a uniform rate from the full amount of that expenditure at the time when that expenditure is first reflected in the state or nature of the asset to nil at the end of its life.

(4) Where any expenditure attributable to the asset under section 552 (1) (b) creates or increases a residual or scrap value of the asset, the residual or scrap value to be deducted under subsection (3)(a) shall be the residual or scrap value so created or increased.

(5) Any expenditure written off under this section shall not be allowable as a deduction under section 552.