**T Ltd v Income Tax**

**Division:** High Court of Tanzania at Dar Es Salaam

**Date of judgment:** 20 September 1973

**Case Number:** 11/1971 (47/74)

**Before:** Biron J **Sourced by:** LawAfrica

*1] Income Tax – Capital or income payment – Expenditure on preliminary surveys for capital projects – Capital payment. [2] Income Tax – Deduction – Scientific research – Whether intention behind payment relevant – East African Income Tax Management Act* (*Cap.* 24), *s.* 13 (2) (*p*)*. [3] Income Tax – Deduction – Scientific research – Investigation of hydrology of a river is scientific research.*

**Editor’s Summary** The appellant carried out certain surveys connected with proposals for electricity supply projects and these involved the feasibility of the construction of power lines, of thermal generation schemes and of hydro-electric projects. The facts are set out in the judgment. The respondent disallowed all expenditure as being of a capital nature. The appellant appealed, contending that the projects were for the production of income, alternatively that the expenditure was on scientific research.

**Held –** (i) expenditure on preliminary surveys for capital projects is capital expenditure;

( ii) the test of whether expenditure is on scientific research is objective and the intention behind the expenditure is irrelevant;

(iii) the expenditure on transmission lines and thermal generation schemes was not on scientific research; (iv) the study of the hydrology of a river is an activity in the field of natural science and the expenditure is therefore on scientific research. Appeal allowed in part.

**Case referred to Judgment:** 1. *Kenya Meat Commission v. Income Tax*, [1968] E.A. 281.