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## SCHEDULES.

### SCHEDULE 14

#### ADAPTATION OF SYSTEM OF CAPITAL ALLOWANCES.

##### PART I

##### GENERAL.

##### *Vocabulary.*

- 1 (1) The following provisions of this paragraph shall have effect for the construction of this Schedule and of the enactments thereby amended.
- (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 if, but only if, the chargeable period is a year of assessment.
- (3) " Tax ", where neither corporation tax nor income tax is specified, means either of those taxes, and 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) 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 is such fraction of the writing-down period as falls within the chargeable period:

Provided that the aggregate amount of the allowances made whether to the same or to different persons, together with the amount of any initial allowance (but not any investment allowance), shall not exceed the amount of the expenditure.

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- (6) " Writing-down allowance ", where the reference is partly to years of assessment before the year 1966-67, includes an annual allowance in the sense which in the context that phrase had immediately before the commencement of this Act.

*General amendments.*

- 2 (1) Except as otherwise provided by this Schedule, Parts X and XI of the Income Tax Act 1952 and any other provision of the Income Tax Acts which is to be treated as included in the said Part X or XI shall be amended in accordance with this paragraph.
- (2) For the expression " annual allowance " there shall be substituted the expression " writing-down allowance ".
- (3) For any reference to the year of assessment in the basis period for which anything happened there shall be substituted a reference to the chargeable period related to that happening.
- (4) For any other reference to the basis period for a year of assessment there shall be substituted a reference to a chargeable period or its basis period (any words particularising the year of assessment attaching to the chargeable period).
- (5) For any other reference to a year of assessment there shall be substituted a reference to a chargeable period.
- (6) For any reference to charging the profits or gains of a trade there shall be substituted a reference to taxing the trade.
- (7) For any reference to income tax there shall be substituted a reference to tax, and for any reference to the Income Tax Acts there shall be substituted a reference to the Corporation Tax Acts or the Income Tax Acts.
- (8) The foregoing sub-paragraphs shall not have effect to amend any reference to a named year of assessment, or to amend any expression where in the context it is used only of years of assessment before the year 1966-67 and cannot relate to corporation tax.
- (9) Except in so far as the context otherwise requires, in any provision of the Income Tax Acts which is not referred to in sub-paragraph (1) above any reference to an allowance or charge for a year of assessment under a provision which is referred to in sub-paragraph (1) 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 it in taxing a trade.
- 3 Where any enactment amended by this Schedule provides for the amount of a writing-down allowance to be determined by reference to 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 year of assessment, then (except as otherwise provided in Part IV of this Schedule) for a chargeable period of less than a year the fraction or percentage shall be proportionately reduced; and similarly with the amounts by reference to which writing-down allowances for certain vehicles are limited by section 41(3) and (where it applies) (6) of the Finance Act 1963.
- 4 Any provision of the Income Tax Acts whereby, for any purpose of the enactments amended by this Schedule, a trade is, or is not, to be treated as permanently

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discontinued or a new trade as set up and commenced on its being so treated by virtue of section 19 of the Finance Act 1953 shall apply in like manner in the case of a trade so treated by virtue of any provision of Part IV of this Act, other than the provision about companies ceasing to be overseas trade corporations.