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SCHEDULES.

SCHEDULE 6

CAPITAL GAINS: COMPUTATION.

PART I

Wasting assets: straightline restriction of allowable expenditure.

- 10 (1) In the computation under this Schedule of the gain accruing on the disposal of a wasting asset it shall be assumed—
- (a) that any expenditure attributable to the asset under paragraph 4(1)(a) of this Schedule 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 nothing at the end of its life, and
 - (b) that any expenditure attributable to the asset under paragraph 4(1)(b) of this Schedule is written off 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 nothing at the end of its life,
- so that an equal daily amount is written off day by day.
- (2) Thus, calling the predictable life of a wasting asset at the time when it was acquired or provided by the person making the disposal L , the period from that time to the time of disposal $T(1)$, and, in relation to any expenditure attributable to the asset under paragraph 4(1)(b) of this Schedule, the period from the time when that expenditure is first reflected in the state or nature of the asset to the said time of disposal $T(2)$, there shall be excluded from the computation under this Schedule—
- (a) out of the expenditure attributable to the asset under paragraph 4(1)(a) of this Schedule a fraction
$$\frac{T(1)}{L}$$
of an amount equal to the amount of that expenditure minus the residual or scrap value, if any, of the asset, and
 - (b) out of the expenditure attributable to the asset under paragraph 4(1)(b) of this Schedule a fraction
$$\frac{T(2)}{L - (T(1) - T(2))}$$
of the amount of the expenditure.
- (3) If any expenditure attributable to the asset under paragraph 4(1)(b) of this Schedule creates or increases a residual or scrap value of the asset, the provisions of subparagraph (1)(a) above shall be applied so as to take that into account.