Income and Corporation Taxes Act 1970

1970 CHAPTER 10

PART III

SCHEDULE A, AND ASSOCIATED CHARGES UNDER SCHEDULE D

Deductions and allowances

72 Deductions from rents: general rules

(1) The deductions which, by virtue of section 71(1) above, may be made from rent to which a person (hereinafter referred to as " the person chargeable ") becomes entitled under a lease shall be such deductions as are provided by subsections (2) to (6) below of the amounts of payments made by him—

(a) in respect of maintenance, repairs, insurance or management,

(b) in respect of any services provided by him otherwise than by way of maintenance or repairs, being services which he was obliged to provide but in respect of which he received no separate consideration,

(c) in respect of rates or other charges on the occupier which the person chargeable was obliged to defray,

(d) in respect of any rent, rentcharge, ground annual, feu duty or other periodical payment reserved in respect of, or charged on or issuing out of, land:

Provided that this subsection shall not apply to any pa3mient of interest.

(2) From rent to which the person chargeable becomes entitled in a chargeable period, there may be deducted the amount of any such payment as aforesaid which became due in that period, or at an earlier time falling within the currency of the lease, in so far as the payment—

(a) was made in respect of the premises comprised in the lease, and

(b) in the case of a payment for maintenance or repairs, was incurred by reason of dilapidation attributable to a period falling within the currency of the lease or, in the case of any other payment, was incurred in respect of such a period :

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Provided that where the person chargeable became the landlord after the lease began, references in this subsection to the currency of the lease shall not include any time before he became the landlord.

(3) In the case of a lease at a full rent, subsection (2) above shall apply as if references to the currency of the lease included any period (hereinafter referred to as " a previous qualifying period ")—

(a) during which the person chargeable was the landlord in relation to a previous lease of the premises, being a lease at a full rent, or

(b) which was a void period beginning either with the termination of a previous such lease as aforesaid or with the acquisition by the person chargeable of the interest in the premises giving him the right to possession thereof,

so however that a period shall not be a previous qualifying period if it preceded a period ending before the beginning of the lease which was not itself a previous qualifying period.

Where during any period the conditions necessary for the period to be a previous qualifying period were fulfilled as respects part of the premises, but not the whole, the period shall be treated as a previous qualifying period as respects that part of the premises only, and this subsection shall apply accordingly, any necessary apportionment being made of rent, payments or other matters.

(4) In the case of a lease at a full rent, not being a tenant's repairing lease, there may also be deducted the amount of any payment made in respect of other premises by the person chargeable—

(a) in so far as that amount could be deducted under subsections (2) and (3) above from rent to which he became entitled in the chargeable period under a lease of those other premises, being a lease at a full rent, or could be so deducted if that rent were not insufficient, or

(b) if any part of the chargeable period is, in respect of those other premises, a void period beginning with the termination of a lease at a full rent, in so far as the amount could be deducted as aforesaid if the lease had continued until the end of that period.

(5) Where by reason of any change of circumstances a lease ceases to be, or becomes, a tenant's repairing lease, or ceases to be, or becomes, a lease at a full rent, subsections (3) and (4) above shall apply in relation to the lease as it subsists after the change of circumstances as if it were a new lease granted when the change occurred.

(6) Where the person chargeable retains possession of a part of any premises and that part is used in common by persons respectively occupying other parts of the premises, subsections (1) to (5) above shall apply as if a payment made in respect of the part used in common had been made in respect of those other parts.

(7) In subsections (3) and (4) above "void period " means a period during which the person chargeable was not in occupation of the premises or any part thereof, but was entitled to possession thereof.