SCHEDULES

SCHEDULE 29

GAINS AND LOSSES OF A COMPANY FROM INTANGIBLE FIXED ASSETS

PART 5

CALCULATION OF TAX WRITTEN DOWN VALUE

Effect of part realisation of asset

29 (1) The tax written down value of an intangible asset that has been the subject of a part realisation is determined as follows.

(2) The tax written down value of the asset immediately after the part realisation is given by:

$$\text{Previous Tax Value} \times \frac{\text{New Accounting Value}}{\text{Previous Accounting Value}}$$

where—

Previous Tax Value is the tax written down value of the asset immediately before the part realisation;

New Accounting Value is the accounting value of the asset immediately after the part realisation; and

Previous Accounting Value is the accounting value immediately before the part realisation.

(3) Subsequently, the tax written down value of the asset is determined in accordance with paragraph 27 or 28—

(a) taking the cost of the asset recognised for tax purposes to be the tax written down value given by sub-paragraph (2) above together with the cost recognised for tax purposes of subsequent expenditure on the asset that is capitalised for accounting purposes; and

(b) taking account only of debits and credits brought into account for tax purposes after the part realisation.

(4) On a further part realisation, the preceding provisions of this paragraph apply again.