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Assented to in Her Majesty's name this 8th day of July 1977.

J. R. W. PARKER,
Governor.

LS



No. 17

1977

Colony of the Falkland Islands

IN THE TWENTY-SIXTH YEAR OF THE REIGN OF
Her Majesty Queen Elizabeth II.

JAMES ROLAND WALTER PARKER, O.B.E.
Governor.

An Ordinance

Further to amend the Income Tax Ordinance.

(1st January 1978)

ENACTED by the Legislature of the Colony of the Falkland Islands, as follows —

1. This Ordinance may be cited as the Income Tax (Amendment) (No. 2) Ordinance 1977, and shall apply to assessments for the year of assessment commencing on the 1st day of January 1978 and to subsequent years of assessment.

2. Section 21 of the Income Tax Ordinance (hereinafter referred to as the principal Ordinance) is amended in subsection (2) by deleting "40 per centum" and substituting the following —
"45 per centum"

3. Section 11 of the principal Ordinance is repealed and replaced by the following new section —

"Depreciation 11. In ascertaining the chargeable income of any person engaged in a trade, business, profession or vocation, there shall be deducted or charged as the case may be any amounts authorized by the Sixth Schedule to be deducted or charged on account of depreciation or balancing charge."

Title.
Date of commencement.
Enacting clause.
Short title and commencement.
Amendment of section 21.
Repeal and replacement of section 11.

4. The principal Ordinance is amended by adding after the Fifth Schedule the following new Schedule —

"SIXTH SCHEDULE Section 11.
DEPRECIATION

Interpretation.

1. In this Schedule —

"expenditure", in relation to the cost of a capital asset, means the amount spent upon the provision of that asset by the person claiming the depreciation deduction, reduced by the amount of any grant, subsidy or contribution towards that cost made by any other person or authority;

"written-down value", in relation to a capital asset, means the amount of the expenditure upon that asset less the sum of any wear and tear and depreciation deductions made in respect of that asset for all earlier years or which could have been made if the asset had been employed continuously since the expenditure was incurred in the production of income.

Deduction.

2. Where a person referred to in section 11 employs during the year immediately preceding the year of assessment in the course of his trade, business, profession or vocation any of the capital assets specified in paragraph 3 of this Schedule, there shall be allowed, upon his making a claim thereto, a deduction on account of the depreciation of such assets (in this Schedule referred to as a "depreciation deduction").

Assets
qualifying.

3. The capital assets in respect of which a depreciation deduction may be claimed are buildings (excluding land), ships, and machinery and plant other than ships.

Amount of
deduction.

4. The amount of a depreciation deduction shall be —

- (a) where the asset is machinery or plant other than a ship, twenty-five per cent,
- (b) where the asset is a ship or a building, ten per cent,

of the written-down value of the asset.

Balancing
deduction.

5. Where during the year immediately preceding the year of assessment a capital asset in respect of which a wear and tear or a depreciation deduction has been made is sold, scrapped or destroyed and the amount of the sale proceeds or insurance recoveries is less than the written-down value, there shall be made a deduction equal to the amount of the deficiency.

Balancing
charge.

6. Where during the year immediately preceding the year of assessment a capital asset in respect of which a wear and tear or a depreciation deduction has been made is sold or destroyed and the amount of the sale proceeds or insurance recoveries is more than the written-down value, the amount of the excess (or the total amount of all wear and tear and depreciation deductions made, if less) shall be additional income chargeable to tax for that year of assessment.

Buildings.

7. Where a building is bought or sold together with land the Commissioner shall make such apportionment of the total sum as is just for the purpose of arriving at the separate value of the building."

This printed impression has been carefully compared by me with the Bill which has passed the Legislative Council, and is found by me to be a true and correctly printed copy of the said Bill.

W. A. ETHERIDGE,
Clerk of the Legislative Council.

Ref. INC/10/1.