



INCOME TAX ACT 1970

INCOME TAX (CAPITAL RELIEF) (COMMERCIAL BUILDINGS ALLOWANCE) ORDER 1997

Approved by Tynwald : 18 March 1997
Coming into operation in accordance with article 1.

In exercise of the powers conferred on the Treasury by section 29 (2) and (3) of the Income Tax Act 1970 (a), and of all other powers enabling it in that behalf, the following Order is hereby made :-

Citation and commencement

1. This Order may be cited as the Income Tax (Capital Relief) (Commercial Buildings Allowance) Order 1997 and shall come into operation on the date on which it is approved by Tynwald.

Application

2. (1) This Order shall apply in respect of -
 - (a) an amount of capital expenditure only if the obligation to pay that amount has become or becomes unconditional within the meaning of section 159 of the Capital Allowances Act 1990, (an Act of Parliament)
 - (b) in the period 6 April 1994 to 5 April 1999 ; and
 - (b) an industrial building or structure only if it is within the designated area and -
 - (i) the application for planning approval for its construction is made before 6 July 1997 ; and
 - (ii) the construction work on which the capital expenditure is incurred is carried out between 6 April 1994 and 5 April 1999.
- (2) In any case where a payment of capital expenditure is made in respect of construction work in respect of which the application for planning approval for its construction is made before 6 July 1997 but the work is either commenced before 6 April 1994 or completed after 5 April 1999 , the Assessor shall make such apportionment of the capital expenditure as is necessary to determine the amount attributable to the period.

(a) Vol. XXI p. 260 , section 29 (2) inserted by section 2 of the Income Tax Etc. (Amendment) Act 1985 and section 29 (3) inserted by section 2 of the Income Tax Act 1995 : (b) p. 1990 c. 1: (c) SD No 474/94 : (d) 1975 c. 19 : (e) 1980 c.18

Interpretation

3. In this Order -

“the designated area” means the area in the borough of Douglas defined as the special area in the Isle of Man Planning Scheme (Development Plan) (Douglas 2000 Area) Order 1994 (c) ;

“tourist business” means the business of providing lodging for tourists or visitors ;

“tourist premises” means premises registered under the Tourist Act 1975 (d) , which are used for a tourist business .

Modification of Relief for Capital Expenditure

4. In the computation of the profits and gains of a trade or profession for the purposes of the Income Tax Acts , the conditions subject to which allowances may be made or charges may be imposed under section 29 (1) of the Income Tax Act 1970 are modified as follows -

- (a) industrial buildings or structures shall be treated , for the purposes of the application under that section of Part 1 of the Capital Allowances Act 1990 (an Act of Parliament) , as including new buildings or structures used for the purposes of any trade or profession (other than buildings or structures designed or intended for use as or used as tourist premises) carried on wholly or partly in the designated area ; and
- (b) those buildings and structures shall for the purposes of the application of that Part be treated as including retail shops, showrooms and offices.

Modification of Group Relief

5. Only 50% of any initial allowance falling to be made as a consequence of this Order may be taken into account as capital allowances for the purposes of paragraph 10 (1) of Schedule 2 to the Income Tax Act 1980 (e) .

Made this 3rd day of March 1997



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Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order modifies the capital allowance provisions relating to industrial buildings and structures. It defines the designated area to which the modifications apply and extends the allowance to include shops, offices and showrooms used for the purposes of any trade, profession or vocation carried on in the designated area. Only qualifying capital expenditure incurred within the period set down will be eligible for relief. In addition, the group relief provisions are modified to restrict relief to a maximum of 50% of any initial allowance made under the Order with any balance being carried forward to later years.