

Exclusion of expenditure by reference to Income Tax (S.554)

Part 19-02-11

Document last reviewed May 2017

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- 11.1** The computation of a chargeable gain or an allowable loss is in the form of a capital account. The allowable expenditure is strictly defined; in particular, it is provided that no deduction shall be allowed for any expenditure which would have been allowable for Income Tax purposes if the asset had at all times been held by the owner as fixed capital of a trade, the profits of which were chargeable to Income Tax. Consequently, the costs of insuring or maintaining the assets are not allowable for Capital Gains Tax purposes.
- 11.2** Where an asset which qualifies for capital allowances is sold for more than its original cost, the Capital Gains Tax charges the excess; but where the asset is sold for less than its first cost, then the loss which has been covered by capital allowances is not allowed again for Capital Gains Tax purposes.