

Period of adjustment

58. (1) The proportion, if any, of the total input tax on a capital asset which may be deducted under Part VI shall be subject to adjustments in accordance with the provisions of this Part.

(2) The period of adjustment relating to a capital asset shall consist of—

- (a) ten successive intervals for land and building; and
- (b) five successive intervals for any capital asset other than assets referred to in paragraph (a),

and shall be determined in accordance with subregulations (3), (4) and (5).

(3) The first interval applicable to a capital asset shall be determined as follows:

(a) where the owner is a **taxable person** when he imports or is supplied with the asset as a capital asset, the first interval shall commence on the day of the importation or supply and shall end on the day before the commencement of his subsequent tax year following that day;

(Subst. w.e.f. 1/1/2016 [P.U. (A) 293/2015])

(b) where the owner is a **taxable person** when he appropriates to use an asset as a capital asset, the first interval shall commence on the day he first uses it and shall end on the day before the commencement of his subsequent tax year following that day;

(Subst. w.e.f. 1/1/2016 [P.U. (A) 293/2015])

(c) where the capital asset is manufactured, assembled, produced or constructed by the owner of the capital asset who is a **taxable person**, the first interval shall commence on the day the owner first uses the capital asset, and shall end on the day before the commencement of his subsequent tax year following that day;

(Subst. w.e.f. 1/1/2016 [P.U. (A) 293/2015])

(d) where the owner is not a taxable person when he first uses an asset as a capital asset, and subsequently becomes a registered person, the first interval shall commence on the day he was registered and shall end on the day before the commencement of his subsequent tax year following that day.

(Amd. w.e.f. 1/1/2016 [P.U. (A) 293/2015])

(e) *(Deleted) (w.e.f. 1/1/2016 [P.U. (A) 293/2015])*

(4) Each subsequent interval applicable to a capital asset shall correspond with a subsequent tax year of the owner.

(5) Where the owner of a capital asset transfers it during the period of adjustment applicable to it in the course of the transfer of his business or part of his business as a

going concern, and the asset is not being treated as supplied under section 68 of the Act, in substitution for the transferor, the interval applying to the capital asset at the time of the transfer shall end on the last day of the transferee's tax year.

(6) Any person who contravenes subregulations (2), (3) or (5) commits an offence.