

## Method of adjustment

59. (1) Where in a subsequent interval applicable to a capital asset, the extent to which it is used in making taxable supplies increases from the extent to which it was used or to be used at the time that the original entitlement to deduction of the input tax was determined, the owner may claim input tax for that subsequent interval an amount calculated in accordance with the following formula:

$$\frac{\text{the total input tax on the capital asset}}{i} \times \text{the adjustment percentage}$$

Where  $i$  equals to number of successive intervals applicable to capital asset as determined in paragraphs 58(2)(a) and (b).

(2) Where in a subsequent interval applicable to a capital asset, the extent to which it is used in making taxable supplies decreases from the extent to which it was used or to be used at the time that the original entitlement to deduction of the input tax was determined, the owner shall account for tax to the Director General for the subsequent interval an amount calculated in accordance with subregulation (1).

(3) Where the owner disposes a capital asset or has been deemed to make a supply of capital asset during an interval other than the last interval applicable to the asset, the following provisions shall apply:

(a) if the supply or deemed supply of the capital asset is a taxable supply, the owner shall be treated as using the capital asset for each of the remaining complete intervals applicable to it wholly in making taxable supplies; and

(b) the owner shall calculate for each of the remaining intervals applicable to it, in accordance with subregulation (1), such amount as he may be allowed as his input tax.

(4) If a capital asset is irretrievably lost or stolen or is totally destroyed during the period of adjustment applicable to it, no further adjustment shall be made in respect of any remaining complete intervals applicable to it.

(5) A taxable person claiming any amount pursuant to subregulation (1), or liable to pay any amount pursuant to subregulation (2), shall include such amount in a return for the second taxable period next following the interval to which that amount relates except where the Director General allow another return to be used for this purpose.

(6) A taxable person claiming any amount pursuant to subregulation (3), shall include such amount in a return for the second taxable period next following the interval in which the supply or deemed supply in question takes place except where the Director General allow another return to be used for this purpose.

(7) Any person who contravenes subregulations (2), (3), (4), (5) or (6) commits an offence.

(8) For the purpose of this regulation—

“original entitlement to deduction” means the entitlement to deduction determined in accordance with Part VI of this regulation;

“total input tax on the capital asset” means—

(a) in relation to a capital asset imported by or supplied to the owner, the tax charged on the importation or supply of the capital asset; and

(b) in relation to a capital asset manufactured, assembled, produced or constructed by the owner, the tax charged on the supplies of the capital asset, as the case may require,

and shall include, in relation to any capital asset,—

(i) any tax on alteration, extension, refurbishment or fitting; and

(ii) any tax treated as input tax under regulation 46 which relates to the capital asset,

and for the purpose of this subregulation references to the owner shall be construed as references to the person who incurred the total input tax on the capital asset;

“adjustment percentage” means the difference, if any, expressed as a percentage, between the extent to which the capital asset was used or to be used for making of taxable supplies at the time the original entitlement to deduction of the input tax was determined, and the extent to which it is so used or is treated under subregulation (3) as being so used in the subsequent interval in question.