



SUPPLEMENT No. 2

TO

THE CYPRUS GAZETTE No. 3233 OF 14TH MARCH, 1946.

LEGISLATION.

THE STATUTE LAWS OF CYPRUS

No. 7 OF 1946.

A LAW TO AMEND THE INCOME TAX LAWS, 1941 TO
(No. 2) 1944.

C. C. WOOLLEY,]
Governor.

[12th March, 1946.

BE it enacted by His Excellency the Governor and
Commander-in-Chief of the Colony of Cyprus as
follows :—

1. This Law may be cited as the Income Tax (Amendment) Law, 1946, and shall be read as one with the Income Tax Laws, 1941 to (No. 2) 1944, (hereinafter referred to as "the principal Law"), and the principal Law and this Law may together be cited as the Income Tax Laws, 1941 to 1946.

Short title.
6 of 1941
1 of 1942
27 of 1942
22 of 1943
7 of 1944
43 of 1944.

Amendment
of section
10 (1) of the
principal
Law.

2. Sub-section (1) of section 10 of the principal Law is hereby amended as follows:—

(a) by the insertion at the end of paragraph (b) thereof of the following proviso:—

“ Provided that this paragraph shall not have effect in the case of any plant or machinery replaced on or after the first day of January, 1946 ; ”

(b) by the insertion immediately after paragraph (c) thereof of the following paragraphs:—

“ (ca) any expenditure on scientific research incurred by a person engaged in any trade, business, profession or vocation and proved to the satisfaction of the Commissioner to have been incurred for the use and benefit of the trade, business, profession or vocation :

Provided that any such expenditure of a capital nature, unless it is an expenditure in respect of which a deduction is allowable under section 11 of this Law, shall be spread equally over the year in which it has been incurred and the five succeeding years :

Provided further that no deduction shall be allowed under the provisions of this paragraph in the case of any such expenditure on plant or machinery or buildings, including employees' dwellings, in respect of which any deduction is allowable under section 11 of this Law ;

(cb) any expenditure on patents or patent rights incurred by a person engaged in a trade, business, profession or vocation and proved to the satisfaction of the Commissioner to have been incurred for the use and benefit of the trade, business, profession or vocation :

Provided that any such expenditure of a capital nature shall be spread over the life of the patent or patent rights in a reasonable manner to the satisfaction of the Commissioner :

Provided further that any sums receivable from any sales of such patents or patent rights or any part thereof and all royalties or other income receivable in respect thereof shall be included as chargeable income for the year when receivable.”

3. Section 11 of the principal Law is hereby repealed and the following section substituted therefor:—

Repeal of section 11 of the principal Law and substitution of new section.

“Deductions and additions on account of property used in trade, etc.

11.—(1) In this section—

‘property’ means plant and machinery and buildings, including employees’ dwellings, owned by a person engaged in a trade, business, profession or vocation and used and employed by such person in such trade, business, profession or vocation or in scientific research proved to the satisfaction of the Commissioner to be for the benefit of such trade, business, profession or vocation.

(2) In ascertaining the chargeable income of any person engaged in a trade, business, profession or vocation, there shall be allowed—

(a) subject to the provisions of this section, a deduction of a reasonable amount for the exhaustion and wear and tear of property arising out of the use and employment of such property in the trade, business, profession or vocation during the year immediately preceding the year of assessment;

(b) in the case of mines, a deduction for actual expenditure on shaft sinking and cognate operations which has been capitalized:

Provided that—

(i) the deduction shall be computed for each separate mine;

(ii) the Commissioner is satisfied that the total amount of the deduction for each mine is spread over the whole period of the life of the mine in a reasonable manner having regard to variations in productivity:

Provided also that the provisions of this paragraph shall apply only as from the year of assessment 1943;

(c) in respect of property acquired on or after the first day of January, 1946—

(i) where such property consists of plant and machinery first used and employed in the year immediately preceding the year of assessment, an initial deduction of one-fifth of the capital expenditure thereon;

(ii) where such property consists of buildings, including employees’ dwellings, first used and employed in the year

immediately preceding the year of assessment, an initial deduction of one-tenth of the capital expenditure thereon ;

(3) Where, under the provisions of this section, any deduction has been allowed in any year of assessment in ascertaining the chargeable income of a person engaged in a trade, business, profession or vocation and any of the following events occurs in the year immediately preceding the year of assessment in the case of any property in respect of which any deduction has been allowed as aforesaid, that is to say, either the property or any part thereof—

(a) is sold whether still in use or not ; or

(b) whether still in use or not ceases to belong to the person carrying on the trade, business, profession or vocation by reason of the coming to an end of a concession, right or privilege granted by the Government of, or other authority in, any territory outside the Colony ;

(c) is destroyed ; or

(d) is put out of use as being worn out or obsolete or otherwise useless or no longer required,

and the event in question occurs on or after the first day of January, 1946, and before the trade, business, profession or vocation is permanently discontinued, the person shall, in the year of assessment, render to the Commissioner, at the same time as he renders his return of income under section 29 of this Law, a statement, (hereinafter referred to as a 'balancing statement'), in respect of the property in question showing the following items, that is to say:—

(i) the amount of the capital expenditure on the provision thereof ; and

(ii) the total depreciation which has occurred by reason of exhaustion or wear and tear since the date of purchase of such property including the aggregate amount of all deductions previously allowed under the provisions of this section ; and

(iii) the amount of all sale, insurance, salvage or compensation moneys in respect thereof ;

(4) in ascertaining the chargeable income of a person who is required under sub-section (3) of this section to render a balancing statement