

- (b) any expenditure incurred in deriving employment income;
- (c) any capital withdrawn, or sum employed or intended to be employed as capital;
- (d) any expenditure of a capital nature except as provided in this Sub-Part;
- (e) an amount carried to a reserve fund or capitalised in any way;
- (f) an expenditure or a loss recoverable under a policy of insurance or contract of indemnity;
- (g) any income tax, capital gains tax, or residential rent tax payable in The Gambia or elsewhere;
- (h) any contribution or payment to a provident, savings, widows' and orphans', or other society or fund, except as provided in section 44;
- (i) any fine or penalty imposed for violation of any law, rule, or regulation; or
- (j) any bribe, kickback, or similar amount.

(2) A person required to withhold tax under section 92 from any interest, royalty, or technical services fee paid to a non-resident person is not entitled to a deduction for the interest, royalty, or fee until the person has paid the withheld tax to the Commissioner-General.

36. Annual allowance for wear and tear of depreciable assets

(1) Subject to this section, a person is allowed a deduction (referred to as an "annual allowance") for the amount by which the value of the person's depreciable assets diminished by reason of wear and tear from use in the person's business to derive gross income in a tax year.

(2) Subject to subsections (3) and (4), the annual allowance for a tax year is computed by applying the rate specified in the Third Schedule against the written down value of the asset at the beginning of the year.

(3) If a depreciable asset is used in a tax year partly in deriving business income included in gross income and partly for another use, the annual allowance for that year is restricted

to the fair proportional part of the amount that would be allowed if the asset were wholly used to derive business income included in gross income.

(4) If a depreciable asset is not used for the whole of the tax year in deriving business income included in gross income, the annual allowance for the year is computed according to the following formula –

$$A \times B/C$$

where –

- A** is the annual allowance computed under subsection (2) or (3), as the case may be;
- B** is the number of days in the tax year the asset is used or available for use in deriving business income included in gross income; and
- C** is the number of days in the tax year.

(5) The written down value of a depreciable asset of a person at the beginning of the tax year is –

- (a) if the asset was acquired in the tax year, the cost of the asset to the person as reduced by any initial allowance in respect of the asset under section 37; or
- (b) in any other case, the cost of the asset to the person as reduced by the total initial and annual allowance deductions allowed to the person in respect of the asset in previous tax years.

(6) The total deductions allowed to a person during the period of ownership of a depreciable asset under this section and section 37 shall not exceed the cost of the asset.

(7) If a person disposes of a depreciable asset in a tax year, there is no annual allowance for that year and –

- (a) if the consideration received exceeds the written down value of the asset at the time of disposal, the excess is business income included in the person's gross income for that year; or
- (b) if the consideration received is less than the written down value of the asset at the time of disposal, the difference is allowed as a deduction in computing the person's chargeable income for that year.