

practical use to any person, other than the lessee;

"lease term" includes any additional period of the lease under an option to renew;

"lessee" includes a hire under a hire purchase agreement; and

"lessor" includes a hirer under a hire purchase agreement.

Sub-Part V - Rules Relating to Assets

53. Disposal and acquisition of assets

(1) Except as otherwise provided in this Act, this section establishes when an asset is disposed of or acquired for the purposes of this Act.

(2) A person who holds an asset is treated as having made a disposal of the asset at the time the person parts with the ownership of the asset, including when the asset is -

- (a) sold, exchanged, transferred, or distributed, or
- (b) cancelled, redeemed, relinquished, destroyed, lost, expired, or surrendered.

(3) The transmission of an asset by succession or under a will is treated as a disposal of the asset by the deceased at the time the asset is transmitted.

(4) The application of stock-in-trade, a depreciable asset, or an intangible asset to personal use is treated as a disposal of the stock, asset, or intangible asset by the owner at the time the asset is so applied.

(5) A disposal includes the disposal of a part of an asset.

(6) A person acquires an asset at the time the person begins to own the asset, including at the time the person is granted any right.

(7) The use of a personal asset as stock-in-trade, a depreciable asset, or an intangible asset is treated as an acquisition of the stock, asset, or intangible asset by the owner at the time the asset is so used.

(8) In this section, "personal asset" means an asset held wholly for personal use.

54. Cost

(1) Except as otherwise provided in this Act, this section establishes the cost of an asset for the purposes of this Act.

(2) Subject to this section, the cost of an asset purchased by a person is the sum of the following amounts -

- (a) the total consideration given by the person for the asset, including the fair market value of any consideration in kind determined at the time the asset is acquired;
- (b) any incidental expenditure incurred by the person in acquiring or disposing of the asset; and
- (c) any expenditure incurred by the person to alter or improve the asset.

(3) Subject to this section, the cost of an asset produced or constructed by a person is the total of the costs incurred by the person in producing or constructing the asset plus any expenditure referred to in paragraphs (b) and (c) of subsection (2) incurred by the person.

(4) No amount is included in the cost of an asset under paragraphs (b) and (c) of subsection (2) to the extent to which it has been allowed as a deduction under this Act.

(5) The cost of an asset treated as acquired under subsection (7) of section 53 is the fair market value of the asset determined at the date it is applied to business use.

(6) If an asset has been acquired by a person with a loan denominated in a foreign currency and, before full and final repayment of the loan, there is an increase or decrease in the liability of the person under the loan as expressed in dalasis, the amount by which the liability is increased or decreased is added to or deducted from the cost of the asset, as the case may be.

(7) In determining whether the liability of a person has increased or decreased for the purposes of subsection (6), account is taken of the person's position under any hedging agreement relating to the loan.

(8) If a person disposes of a part of an asset, the cost of the asset is apportioned between the part of the asset retained and the part disposed of in accordance with their respective fair market values determined at the time the person acquired the asset.