33. (1) Subject to this Act, the adjusted income of a person from a source for the basis period for a year of assessment shall be an amount ascertained by deducting from the gross income of that person from that source for that period all outgoings and expenses wholly and exclusively incurred during that period by that person in the production of gross income from that source, including-

(a) subject to subsection (2), any sum payable for that period (or for any part of that period) by way of interest upon any money borrowed by that person and-

(i) employed in that period in the production of gross income from that source; or

(ii) laid out on assets used or held in that period for the production of gross income from that source;

(b) rent payable for that period (or for any part of that period) by that person in respect of any land or building or part thereof occupied by him in that period for the purpose of producing gross income from that source;
(c) expenses incurred during that period for the repair of premises, plant, machinery or fixtures employed in the production of gross income from that source or for the renewal, repair or alteration of any implement, utensil or article so employed, other than implements, utensils, articles (the expenditure on which would be qualifying plant expenditure for the purposes of Schedule 3) or any means of conveyance, excluding the cost of reconstructing or rebuilding -

(i) any premises, buildings, structures or works of a permanent nature;

(ii) any plant or machinery; or

(iii) any fixtures; and

(d) such other deductions as may be prescribed.

(2) Where a person, being a person to whom subsection (1)(a) applies in relation to gross income from a business of his for the basis period for a year of assessment and in relation to borrowed money, has made (otherwise than for the purpose of producing that gross income) any loan of money or any investment in movable or immovable property, and the loan or any part thereof is outstanding at any time in that period or the investment or any part thereof is held by him at any time in that period and it appears to the Director General that the loan or any part thereof or the investment or any part thereof has been financed wholly or partly or directly indirectly out of the borrowed money-

(a) the total sum payable for that period or any part thereof by way of interest on that borrowed money shall be deemed to accrue evenly over that period or part thereof, and so much of that sum as is thus found to accrue during each calendar month shall be taken to be the monthly figure for the purposes of this subsection;

(b) if at the end of any calendar month the aggregate of-

(i) the amount of the loan then outstanding if any; and

(ii) the cost of so much of the investment as is held by him at that time if any,
is less than the amount of that borrowed money, the monthly figure for that month shall be reduced by an amount which bears to that monthly figure the same proportion as that aggregate bears to the amount of that borrowed money or by an amount which in the opinion of the Director General is just and reasonable in all the circumstances;

(c) if at the end of any calendar month the aggregate mentioned in the preceding paragraph is more than the amount of that borrowed money, the monthly figure for that month shall be reduced to nil or to an amount which in the opinion of the Director General is just and reasonable in all the circumstances; and

(d) the amount of the deduction to be made for that period in respect of that borrowed money shall be an amount consisting of the aggregate of-

   (i) the monthly figures for all calendar months to which paragraph (b) or (c) applies, as reduced by either of those paragraphs; and

   (ii) the monthly figures for the other calendar months.

(3) In subsection (2) "calendar month", in relation to a basis period or part thereof, means a period which is included in that basis period or part thereof and is either-

   (a) one of the twelve months of the Gregorian calendar; or

   (b) where that basis period or part thereof includes a part, but not the whole, of such a month, that part of that month.