

SCHEDULE 19
LEASES

PART 2

AMOUNT OF TAX CHARGEABLE: RENT

Amount of tax chargeable in respect of rent

- 4 The amount of tax chargeable on so much of the chargeable consideration as consists of rent is to be determined as follows.

Step 1

Calculate the net present value (NPV) of the rent payable over the term of the lease (see paragraph 6).

Step 2

For each tax band, multiply so much of the NPV as falls within the band by the tax rate for that band.

Step 3

Calculate the sum of the amounts reached under Step 2.

The result is the amount of tax chargeable in respect of rent.