

SCHEDULES

SCHEDULE 12

LEASING ARRANGEMENTS: FINANCE LEASES AND LOANS

PART I

LEASING ARRANGEMENTS WHERE ANY OF THE RETURN ON INVESTMENT IS IN CAPITAL FORM

Current lessor to be taxed by reference to accountancy rental earnings

- 5 (1) Where, in the case of any period of account of the current lessor,—
- (a) this Part of this Schedule applies in the case of the lease, and
 - (b) the accountancy rental earnings in respect of the lease for that period of account exceed the normal rent for that period,
- he shall be treated for tax purposes as if in that period of account he had been entitled to, and there had arisen to him, rent from the lease of an amount equal to those accountancy rental earnings (instead of the normal rent referred to in paragraph (b) above).
- (2) Where a person is treated under sub-paragraph (1) above as if he had in a period of account been entitled to, and there had arisen to him, any rent from a lease of an asset, the rent shall be treated for tax purposes—
- (a) as if it had accrued at an even rate throughout so much of the period of account as falls within the period for which the asset is leased; and
 - (b) as if that person had become entitled to it as it accrued.