Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[F1CHAPTER 6A

INTERPRETATION OF PROVISIONS ABOUT LONG FUNDING LEASES

Meaning of "long funding lease" etc

[F1 70I "Short lease"

(1) Construe "short lease" in accordance with this section.

(2) A lease whose term is **[F2**7**]** years or less is a short lease.

F3(3) . . . . . .

F3(4) . . . . . .

F3(5) . . . . . .

F3(6) . . . . . .

F3(7) . . . . . .

F3(8) . . . . . .

(9) Where—

(a) a person leases an asset to another ("S") under a lease that would, apart from this subsection, be a short lease,

(b) the inception of that lease is on or after 7th April 2006,

(c) at or about the time of the inception of that lease, arrangements are entered into for the asset to be leased to one or more other persons under one or more other leases, and

(d) in the aggregate, the term of the lease to S and the terms of the leases to such of those other persons as are connected with S exceed **[**[F4]7**]** years,

the lease to S is not a short lease.

[F5] **[** Where plant or machinery is the subject of a lease and finance leaseback (as defined (9A) in section 228A)—

(a) the finance lease mentioned in section 228A(2)(c), and

(b) any other finance lease forming part of the arrangements for the lease and finance leaseback (except the lease referred to in section 228A(2)(a)),

is not a short lease (if it otherwise would be).**]**

[F6] **[** Where plant or machinery is the subject of a sale and finance leaseback (as defined in (10) section 221), any finance lease of a kind mentioned in section 221(1)(c) is not a short lease (if it otherwise would be).

(11) But, if the conditions set out in section 227(2) are met, B and S (within the meaning of section 221) may make an election the effect of which is that—

(a) subsection (10) above does not apply,

(b) section 228(2) and (3) apply in relation to B (but this does not prevent section 225 from applying), and

(c) section 228(5) applies in relation to S.

(12) Subsections (4) to (6) of section 227 apply in relation to elections under this section as they apply in relation to elections under that section.**]]**

Textual Amendments

F1 Pt. 2 Ch. 6A inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by Finance Act 2006 (c. 25), **Sch. 8 para. 7**

F2 Word in s. 70I(2) substituted (with effect in accordance with Sch. 14 para. 10 of the amending Act) by Finance Act 2019 (c. 1), **Sch. 14 para. 8(1)(a)**

F3 Ss. 70I(3)-(8) omitted (with effect in accordance with Sch. 14 para. 10 of the amending Act) by virtue of Finance Act 2019 (c. 1), **Sch. 14 para. 8(1)(b)**

F4 Word in s. 70I(9)(d) substituted (with effect in accordance with Sch. 14 para. 10 of the amending Act) by Finance Act 2019 (c. 1), **Sch. 14 para. 8(1)(a)**

F5 S. 70I(9A) inserted (with effect in accordance with Sch. 20 para. 7(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 20 para. 7(1)**

F6 Ss. 70I(10)-(12) inserted (with effect in accordance with Sch. 20 para. 6(19) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 20 para. 6(6)** (with Sch. 20 para. 6(20))

Changes to legislation:
There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 70I.