
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2006, Paragraph 12. (See end of Document for details)*

SCHEDULES

SCHEDULE 9

LEASES OF PLANT OR MACHINERY: MISCELLANEOUS AMENDMENTS

CAPITAL ALLOWANCES ACT 2001

Plant or machinery treated as owned by person entitled to benefit of contract etc

- 12 (1) Section 67 of CAA 2001 is amended as follows.
- (2) After “qualifying activity”, in each place where those words occur in the section, insert “ or corresponding overseas activity ”.
- (3) In subsection (2), insert at the end— “ This subsection has effect subject to, and in accordance with, subsections (2A) to (2C). ”.
- (4) After subsection (2) insert—
- “(2A) If the contract is one which, in accordance with generally accepted accounting practice, falls (or would fall) to be treated as a lease, subsection (2B) applies.
- (2B) Where that is the case, the plant or machinery is to be treated under subsection (2) as owned by the person at any time only if the contract falls (or would fall) to be treated by that person in accordance with generally accepted accounting practice as a finance lease.
- (2C) Where at any time the plant or machinery—
- (a) is not treated under subsection (2) as owned by the person, but
- (b) would be treated under that subsection as owned by the person, but for subsection (2B),
- the plant or machinery is nevertheless to be treated under subsection (2) as not owned by any other person at that time.”.
- (5) Renumber subsection (5) as subsection (7).
- (6) Before that subsection, as so renumbered, insert—
- “(6) If—
- (a) a person enters into two or more agreements, and
- (b) those agreements are such that, if they together constituted a single contract, the condition in subsection (1)(b) would be met in relation to that person and that contract,
- the agreements are to be treated for the purposes of this section as parts of a single contract.
- In this subsection, any reference to an agreement includes a reference to an undertaking, whether or not legally enforceable.”.

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(7) At the end of the section insert—

“(8) In this section “corresponding overseas activity” means an activity that would be a qualifying activity if the person carrying it on were resident in the United Kingdom.”.

(8) The amendments made by this paragraph have effect in relation to contracts that are finalised (within the meaning of Part 4 of Schedule 8) on or after 1st April 2006.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Paragraph 12.