

*These notes refer to the Corporation Tax Act 2010  
(c.4) which received Royal Assent on 3 March 2010*

# CORPORATION TAX ACT 2010

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## EXPLANATORY NOTES

### INTRODUCTION

#### **Part 19: Sale and lease-back etc**

#### *Chapter 3: Leased trading assets*

#### *Section 864: Leased trading assets*

2559. This section states when this Chapter applies to a payment. It is based on section 782(1) and (8) to (10) of ICTA.
2560. *Subsection (1)* introduces the three conditions relating to the application of this Chapter and explains their logical relationship.
2561. *Subsection (2)* specifies condition A, concerning the payment.
2562. In particular, under subsection (2)(a) the payment must be made under the lease of a “relevant asset”. The expression “relevant asset” appears in subsection (2)(a) for the first time in this Chapter. It is defined in section 869.
2563. *Subsections (3) and (4)* specify conditions B and C. These are two alternative conditions concerning the use to which the leased asset was put before it was leased.
2564. Subsections (2)(b), (3)(a) and (b) and (4)(c) omit references to a profession and to a vocation where the source legislation refers to the carrying on by a company of a trade, profession or vocation. See the commentary on section 837 and *Change 4* in Annex 1.
2565. *Subsection (5)* preserves the rule that, if the lease was created before the legislation was first introduced, a lease-back after that date does not activate the legislation.