

*These notes refer to the Taxation (International and Other Provisions)  
Act 2010 (c.8) which received Royal Assent on 18 March 2010*

# TAXATION (INTERNATIONAL AND OTHER PROVISIONS) ACT 2010

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Schedule 3: Leasing arrangements: finance leases and loans*

#### **Part 1: New Part 11A of ITA 2007**

#### *Chapter 3: Other finance leases*

#### **Section 614CB: Leases to which this Chapter applies**

904. This section determines whether Chapter 3 applies to a particular lease. It is based on paragraph 16 of Schedule 12 to FA 1997.
905. The Chapter only applies to leases granted on or after 26 November 1996 and then only if they form part of a post-25 November 1996 scheme as defined in section 614D(1)(b) (see *subsection (1)(a)* and *(b)*).
906. The lease may be of any property or rights (see *subsection (1)(a)* and the definition of “asset” in section 614DG).
907. In addition, for the Chapter to apply, condition A, but not all of conditions B to E, in section 614BC must have been met in relation to the lease at some time on or after 26 November 1996 in a period of account of the current lessor (see *subsection (1)(c)* and *(d)*). But once condition A has been met in relation to the lessor at the time, it is treated as continuing to be met as regards any subsequent lessor unless and until the lease is assigned to a wholly unrelated person (see *subsections (4)* to *(6)*).
908. *Subsection (3)* provides that the Chapter does not apply to long funding leases of plant or machinery in relation to which Part 2 of CAA gives capital allowances to the lessee instead of the lessor. Chapter 10A of Part 2 of ITTOIA sets out the basis of taxation of rental earnings under such leases.
909. *Subsection (7)* is a necessary consequence of the split into separate provisions for income tax purposes and corporation tax purposes.