



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

#### CHAPTER 17

#### [<sup>F1</sup>OTHER ANTI-AVOIDANCE]

*[<sup>F1</sup>Disposal of plant or machinery subject to lease where income retained]*

#### [<sup>F1</sup>228MB] **Calculation of present value**

- (1) For the purposes of section 228MA the “present value” of an amount is to be calculated by using the interest rate implicit in the lease.
- (2) The general rule is that the interest rate implicit in the lease is the interest rate that would apply in accordance with normal commercial criteria, including, in particular, generally accepted accounting practice (where applicable).
- (3) If the interest rate implicit in the lease cannot be determined in accordance with subsection (2), it is taken to be [<sup>F2</sup>the incremental borrowing rate].
- [<sup>F3</sup>(4) For this purpose, the incremental borrowing rate has the same meaning as it has for accounting purposes.
- (5) The Treasury may by regulations amend this section for the purpose of replacing references to the incremental borrowing rate with references to another rate.]]

#### **Textual Amendments**

- F1** Ss. 228MA-228MC inserted (8.4.2010) (with effect in accordance with Sch. 5 para. 1(2) to the amending Act) by [Finance Act 2010 \(c. 13\)](#), [Sch. 5 para. 1\(1\)](#)

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**Changes to legislation:** *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228MB. (See end of Document for details)*

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- F2** Words in s. 228MB(3) substituted (with effect in accordance with s. 132(5) of the amending Act) by Finance Act 2021 (c. 26), s. 132(2)(a)
- F3** S. 228MB(4)(5) substituted for s. 228MB(4) (with effect in accordance with s. 132(5) of the amending Act) by Finance Act 2021 (c. 26), s. 132(2)(b)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228MB.